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Japan Opposes Further Cuts in APEC Farm Tariffs

BK2212122594 Bangkok THE NATION in English 22 Dec 94 p B4

[Report by Wichit Chaitrong and Phongphat Sinang]

[FBIS Transcribed Text] Japan is strongly opposing the opening of the agriculture sector within Apec if Thailand and the other Asean countries join forces next year at Apec's Osaka summit to cut tariffs beyond Japan's obligation under Gatt, an informed Japanese diplomatic source told THE NATION yesterday.

"It is very strong opposition on the issue from both the Japanese government and farmers because they feel that they had made their final concessions on agricultural market access in the Uruguay Round," the source said.

Japan has committed in the General Agreement on Tariffs and Trade to allow 379,000 tonnes of imported rice next year and 758,000 tonnes in 1996.

Japan is now seeking information concerning the Asia Pacific Economic Cooperation from all its 18 members to use as the basis for market access negotiation in the next Apec summit in Osaka.

Thai Foreign Minister Thaksin Chinnawat is preparing to set up working groups on the key sectors: agriculture, industry and service, to study market access in Apec.

Earlier this month Thaksin invited representatives from the Board of Trade of Thailand, the Federation of Thai Industries and the Thai Bankers Association for preliminary discussions and to invite them to send representatives for the three working groups.

The Japanese diplomat reacted to the possibility of an open agricultural market within Apec by saying that agriculture is very sensitive in Japan because it will impact on the Japanese government's popularity.

Apec leaders had agreed at the Indonesia summit in November to liberalize their economies by the year 2020 in two stages: by the year 2010 for developed members and 2020 for the developing members.

Japan is comfortable with hosting the Apec summit next year, but it has difficulty taking a concrete initiative for economic liberalization because there is no clear Japanese government position on the issue, the source said.

"We basically support economic liberalization but, like Thailand, we have no clear position," he said.

The source said that when he read the Thai newspaper and listened to Thai politicians and officials, he found that although Thailand generally supports free trade it takes no clear position about it, especially in terms of Apec.

However, the source said Japan considers Thailand and the other five Asean countries to have a very strong negotiating power in the Apec forum, compared to other small members such as Chile.

Japan will find it very hard to keep its stance if Asean proposes to include agriculture as a part of the negotiation package, even though Asean will concede to Japan in the industry and service sectors.

He said Japan is already opening its industry and service to foreign firms, while the Thai market is still highly protected.

"Although Japan has never demanded that Thailand open its industry and service, Japanese entrepreneurs in Thailand want to see Thailand reduce the present high import tax on automobile parts and to allow foreign banks to operate fully here," he said.

The high import tax made Japan's export products expensive, the source said.

Japanese business clubs are running ahead of the Japanese government on economic liberalization within Apec but they have not much influence on government policy, according to the source.

Japan

Tokyo To Offer Compromise in Financial Talks

OW2312052294 Tokyo NIHON KEIZAI SHIMBUN in Japanese 22 Dec 94 Morning Edition p 1

[FBIS Translated Text] The Ministry of Finance [MOF] has decided on a compromise plan to conclude financial service talks with the United States under the bilateral framework trade negotiations. According to the plan, Japan will approve the indirect entry of domestic and foreign investment advisory companies into the public pension funds market. The proposal will virtually allow investment advisory firms to take part in public pension funds management, which is presently entrusted to trust banks. The U.S. Government has strongly demanded the entry of investment advisory firms into the market because only trust banks and life insurance companies have been allowed to manage pension funds. If the MOF can obtain consent from the Ministry of Health and Welfare [MHW], it will present the proposal in financial service talks, which will be resumed in Seattle on 28 December. Because the United States is expected to accept the proposal, it is highly likely the two countries will reach a broad agreement before the end of the year.

In Japan, the Pension Welfare Service Public Corporation [PWSPC] has been authorized to entrust trust banks and life insurance companies with the management of public pension funds collected from corporate employees and self-employed businessmen. Although investment consultant firms have a forte for stocks and securities operations, the PWSPC Law does not allow them to manage public pension funds. This is because if they are allowed to invest public pension funds in the purchase of stocks, "the PWSPC, a government- affiliated special corporation, will be on the stockholders' list of a certain company, and this is undesirable," (according to the MOF). Under the MOF compromise proposal: 1) an investment advisory firm and a trust bank will set up an "investment union;" 2) the trust bank will provide the investment union with part of the pension funds entrusted by the PWSPC; and 3) the union will manage the funds at the advisory firm's discretion, and it will distribute to the bank profits earned from the funds operations.

Under this plan, investment advisory firms are not entrusted with the direct management of pension funds, but they can take part in trust banks' funds operations. The plan also prevents the PWSPC from being listed as stockholder even if advisory companies invest pension funds in stocks. Thus, it meets the demands of both Japan and the United States. The compromise plan will be implemented without the revision of the PWSPC Law because a contract between an advisory firm and the PWSPC is not required under this plan.

Contentious points in the financial service talks are the liberalization of public pension funds operations, investment advisory firms' greater access to the corporate pension funds market, and the easing of regulations on investment trusts. As compromise proposals, Japan has already decided to ease regulations on corporate pension funds, and to allow a company to conduct both investment trust and investment advisory services. Public pension funds management was the only issue left unsolved.

Washington has strongly demanded that the financial service talks be concluded within the year, and it has suggested that it may limit the most-favored nation status it has given to Japan unless Tokyo complies with the call for deregulation. In a bid to conclude the talks at an early date, the MOF has decided to accept the U.S. demand for liberalizing the pension funds market as long as it does not require the review of the current framework of pension funds management.

The MOF is currently negotiating with the MHW on the pension funds issue because some MHW officials have asserted: "Investment advisory firms' direct participation is desirable."

MOF Favors Eased Regulation of Pension Fund

OW2212133894 Tokyo NIHON KEIZAI SHIMBUN in Japanese 19 Dec 94 Morning Edition p 1

[FBIS Translated Text] The Ministry of Finance [MOF] has firmed up its plan to ease regulations restricting the management of employees' pension funds by investment advisory companies. The employee pension fund is a pension system widely adopted by private corporations. The MOF plans to abolish as early as next spring a rule that requires investment advisory companies to invest at least 50 percent (at least 30 percent for foreign-affiliated companies) of the funds they have been entrusted with in national bonds and other financial products that will not fall below their par values. The move is aimed at allowing freer investment in stocks as well as giving U.S. investment advisory companies, which particularly specialize in stock management, better access to Japan's pension fund market. The liberalization of the pension fund market has been a focal point in negotiations over financial services under the Japanese-U.S. framework trade talks. Japan plans to formally present this compromise proposal to the United States during negotiations to be resumed as early as 28 December. As a result, it is expected that some progress may be made at these negotiations.

Regulations were lifted in 1990 to allow the freer management of employees' pension funds. Investment advisory companies are currently allowed to manage employee pension funds, provided that they satisfy the following conditions stipulated by the Ministry of Health and Welfare: 1) that over 50 percent of the total entrusted funds be distributed for investment in safe products, such as national bonds and savings; and 2) that not more than 30 percent be invested in stocks or foreign bonds, and not more than 20 percent in real estate.

However, the MOF has control over investment advisory companies which are entrusted with managing the funds. Domestic investment advisory companies are required to invest at least 50 percent (at least 30 percent for foreign-affiliated firms) of the funds they are entrusted with in national bonds and other safe products. As a result, investment advisory companies which specialize in stock investment cannot be allowed to invest the funds entirely in stocks; they must invest in national bonds and other products.

Because many U.S. investment advisory companies specialize in stock investment, the U.S. Government has pointed out during the framework trade talks that such regulations have been a barrier to U.S. companies' access to Japan's pension fund market. Consequently, it has demanded that the Japanese Government abolish these regulations. So far, the MOF, which has placed importance on maintaining the stable management of annuity assets, has regulated the system. Now, however, it has apparently judged that lifting the regulations could encourage domestic investment advisory companies to become specialized and that this may lead to more effective fund management.

The regulations that apply to investment advisory companies also apply to trust banks and life insurance companies, which are allowed to manage pension funds. It is expected that by revising its notification currently in effect, the MOF will free these businesses from the regulations at the same time that it plans to free investment advisory companies from the same regulations.

As for the liberalization of the Japanese pension market, which has been a focal point in financial services negotiations, public pensions, including the national pension and the welfare pension, have also been on the agenda, along with private corporate pensions, such as employees' pension fund. Public pension funds are managed by the Pension Welfare Service Public Corporation, which can only entrust fund management to trust banks and life insurance companies. As a result, the U.S. Government has also strongly demanded that investment advisory companies be allowed to handle public pension fund management.

The MOF intends to reject U.S. demands, maintaining that allowing investment advisory companies to handle public pension fund management would lead to the increased investment of such funds in stocks, thereby "jeopardizing the stability of national pensions and welfare pensions, which form the very foundations of Japan's pension system." However, the MOF hopes to gain the United States' understanding by easing fund management regulations regarding private corporate pensions.

Although, among other topics, reviewing the Japanese investment trust system has also been on the agenda in the financial services negotiations, the MOF recently decided to ease rules on investment trust firms. Thus, attention will now focus on how far Japan and the United States can move toward each other regarding the remaining, unsettled area of public pensions at negotiations to be resumed as early as 28 December in Seattle.

Article Views Bentsen Resignation, Policy Effects

OW2312035694 Tokyo EKONOMISUTO in Japanese 27 Dec 94 p 23

[Unattributed article: "Bentsen's Resignation—Clinton Administration Pays Dearly as it Loses Connection With Congress"]

[FBIS Translated Text] On 22 December, U.S. Treasury Secretary Lloyd Bentsen is going to resign. As successor to Bentsen, President Clinton has nominated Robert Rubin, presidential adviser and National Economic Council director. Rubin, who has actively participated in the decision making process of President Clinton's economic policy, is considered to be the best successor to Bentsen. However, the price of Bentsen's resignation is likely to become heavy to President Clinton.

President Clinton has often been helped by Secretary Bentsen, who has many contacts in Congress as a result of his 30 years of activity there. To President Clinton, Secretary Bentsen has been the last recourse in dealing with Congress.

The financial adjustment act [name as published], which includes measures for the reduction of a budget deficit of $500 billion in five years, would not have been enacted without Secretary Bentsen. It was also Secretary Bentsen who persuaded Republican Senate Majority Leader Robert J. Dole, who was wavering on the GATT agreement vote. Treasury Secretary appointee Rubin has almost no connection with Congress.

In Washington political circles there is a cynical view that "Bentsen is going to resign because he cannot round off his career if he stays in the Clinton administration any longer." Clinton's economic policy will face a lot of difficulties in the coming new year. The Republican Party, which won a majority in Congress, has demanded an income tax reduction as well as a reduction of capital gains taxes. President Clinton, conscious of presidential elections, is likely to consent to some income tax reductions in one form or another.

However, the prospect of securing a revenue source for a tax reduction is of course far from certain. Secretary Bentsen said in his pre-resignation address that "We have yet to decide on any economic policy." It is impossible to conduct budget deficit reductions and tax reductions at the same time without resorting to a juggler's trick.

At a resignation interview, both President Clinton and Secretary Bentsen emphasized their intimacy. However, from Secretary Bentsen's standpoint, President Clinton's policy, including his medical insurance policy, was too inclined towards the "left-of-center," and they often differed in opinion. In addition, the Clinton administration's undisciplined management style—unpunctuality, for instance—seems to have continuously irritated Secretary Bentsen's nerves.

Bentsen's resignation is unlikely to change the Clinton administration's policy on Japan greatly, but it will be forced to remain in a fuddled state for the time being. Reconsideration of U.S. policy toward Japan is being advocated with Garten, under secretary of commerce, as the center. However, the current Clinton administration cannot afford to squarely reconsider its policy toward Japan. For this reason, reconsideration, which was advocated with effort, will come to naught and the Clinton administration will again continue to have a makeshift, hasty result-oriented policy on Japan.

As the responsible person of the National Economic Council, Rubin took a hard-line policy toward Japan, but he has shown a very flexible stance at important junctures. At the Japan-U.S. summit in February 1994, Rubin made a great compromise to avoid a "breakdown." Rather, it was Japan that seemed less receptive. Erskine Bowles, assistant to the President [title as published], who is regarded as his [Rubin's] successor, is quite unknown in the commercial sector.

A shake-up is expected in the Clinton administration's economic and commercial teams after the new year. Bentsen's resignation is just the beginning of that.

Lessons Seen in U.S. Technological Program

OW2212132394 Tokyo EKONOMISUTO in Japanese 13 Dec 94 pp 66-68

[Article by Akihiko Yasui, head of the Americas Section, International Research Department, Fuji Research Institute: "Why the Policy of 'Commercialization of Technology' Is Successful"]

[FBIS Translated Text] In September 1994, the U.S. Department of Commerce released a report declaring in effect that: "Beginning with policies fostering the further development of industrial technology, the economic program of the Clinton administration has put the U.S. economy back on track." Economic expansion has been the top priority of the Clinton administration's economic program, and policies supporting the development of industrial technology have been a primary focus of that program. But what are the real objectives of industrial enhancement policies? And will they be successful?

Technology Leads to Market Success

Even during his 1992 presidential campaign, President Clinton heavily emphasized the importance of advanced technology and declared, "Investment in technology is investment in America's future." Since assuming office, despite the obstacles he has encountered in [implementing] his policies, the President has steadily made progress in strengthening policies supporting the advancement of industrial technology.

The first point of the Clinton administration's plan to strengthen industrial technology is the heavy emphasis on commercial application of technology. What this means is that the United States will take its traditional areas of strength, basic research and military technology, and work to make them commercially successful. "Commercialization" is a key word in understanding the Clinton administration's plans to strengthen industrial technology.

In concrete terms, the policies can be divided into two general areas, those affecting civilian and those affecting military technology. Of these, the mainstay of the policies affecting civilian technology is the "Advanced Technology Program [ATP]," which subsidizes applied research by private corporations. The goal of ATP is the "commercial application of new technology;" the program serves to subsidize the development of technologies which are expected to be highly profitable. In October and November 1994, the [subsidies] for fiscal year 1995 were announced. Eighty eight research development projects at large corporations like IBM and Xerox and at small and mid-sized venture companies were selected to receive a total of $300 million dollars in subsidies over a period of five years.

The Manufacturing Extension Partnership (MEP) also plays a crucial role in the civilian technology [development] program. The goal [of MEP] is the dissemination of manufacturing and advanced management techniques which play an essential part in the commercialization of technology; facilities (manufacturing technology centers, MTC) to do this will be set up throughout the United States. As of March 1994, the Clinton administration had established 18 such facilities, and was preparing to open 10 others. The plan is to have 100 sites by 1997.

In the arena of commercial applications for military technology, the emphasis is on the development of "dual-use technologies" which can be marketed as civilian or military products. Speaking in concrete terms, first, the national research labs which have acted as centers for military technology will aggressively pursue joint civilian research projects. At this time, research is being conducted under Cooperative Research and Development Agreements (CRADA) into more fuel-efficient automobiles (the Big Three are participating) and on liquid crystal display development.

Furthermore, the Clinton administration has commenced the "Technology Reinvestment Program" (TRP), which subsidizes corporate research and development into dual-use technologies.

Emphasizing Information Technology

The second point of the Clinton administration's efforts to strengthen industrial technology is the emphasis on information technology as an area of pivotal future importance. The rationale is not only that [information technology] related industries, starting with multimedia, have high growth potential, but also that through the birth of new services, advancements in information technology will result in increased productivity for the whole of U.S. industry.

The emphasis on information technologies is manifested in the concept of the "information superhighway." There are roughly three crucial areas in the plan to establish a large capacity, high-speed network of information communications.

First comes deregulation of information and communications. In the United States, regulations prohibit concurrent corporate activity in any two of the three areas of communications: long distance telephone service, local phone service, and cable TV. By abolishing these restrictions, the Clinton administration hopes to stimulate competition and revitalize corporate investment, primarily in research and development.

Second, the federal government itself will actively pursue research and development under what is referred to as the HPCC [high performance computing and communication] Project. The third focus is on providing subsidies for experimental projects conducted by corporations, universities, and state governments. One hundred million dollars in subsidies are to be set aside for fiscal year 1995.

The Legacy of the Republican Administrations

In this way, the Clinton administration is steadily implementing policies which promote the development of industrial technology. However, these programs reflect a continuity of policies set up in the 1980's, now expanded to include participation by private enterprise, universities, and state and federal governments.

Since the 1980's, with voices expressing greater alarm over the deterioration of the United States' competitiveness in international markets, there has been repeated emphasis of the need for development of industrial technology. The effect has been such that the federal government and a variety of other players, such as corporations, universities, and state governments, have all pursued the strengthening of industrial technology, each at its own level. Therefore, the Clinton administration program to advance industrial technology is built on a foundation of results achieved by efforts maintained since the 1980's.

As an example, both the ATP and MEP programs which pursue the "commercialization of technology" were initiated under the Bush administration. ATP commenced in 1990, and has garnered high praise from those corporations which were among the first to be granted subsidies.

Incidentally, these first subsidies were given in large part to corporations like AT&T's Bell Research Labs and others engaged in the research and development of electronic technology involved in the information industry.

On the one hand, the Bush administration established only seven MTC's under the MEP. However, these facilities are highly praised for contributing to expanding the exports of private corporations, among their many other successes. In terms of real results, there are a myriad of examples, including introducing the ISO 9000 series and CAD/CAM systems into small and mid-sized companies.

The Clinton administration is working to expand budgets and is taking other steps to more aggressively promote those programs with proven track records, established under previous administrations.

The MEP is deeply involved in numerous projects underway at private corporations and by state governments. Since the 1980's, American companies have concentrated on reform of management systems and on adopting improvements in manufacturing technology. For example, by the end of the eighties, roughly 75 percent of all U.S. firms had adopted total quality management (TQM). This has reportedly played a major role in the business recovery of U.S. companies.

Furthermore, state governments have independently established centers to disseminate manufacturing technologies and management techniques. The intent of the Clinton administration policies is to further this kind of involvement.

The same pattern is seen in the field of information technology. The private sector focused on the application of information technologies during the 1980's, and there is every indication that the consequent control of production is what underlies the current recovery of the economy. The Clinton administration is laying the foundations for the next generation of information technology via the "information superhighway," and is therefore focused on drastic expansion of private sector applications of such technologies.

During the 1980's, a number of state governments, in cooperation with state universities and other organizations, made progress in laying the groundwork for information networks. The state of North Carolina brought its North Carolina information highway on line in August of 1994. However, through the cooperation of the University of North Carolina and other institutes, the state had already, by 1982, established a communications network which linked the educational institutions within its borders.

Subsidies for experimental projects conducted by the states and other organizations are integral to the concept of the "information superhighway." The idea is that support of pioneering research will lead to the efficient structuring of the information superhighway.

As evidenced by the above, the Clinton administration's policies on commercial application of research and development and the enhancement of information technology are bolstered by earlier efforts sustained since the 1980's. Their success is self-evident.

This Time, It Is Japan's Turn To Learn

However, there is one field that has proved difficult to predict: commercialization of military technology. In this area, too, private enterprise and state governments countered reductions in military budgets by focusing on the development of dual-use technologies. However, at this point, results have not been particularly favorable.

Part of the problem appears to be a characteristic unique to the military manufacturing industry, the tendency to neglect the issue of costs. This has had the effect of sapping the will of the military industry to develop dual-use technologies. What currently holds sway throughout the industry is the idea that the best strategy for survival is to target mergers and acquisitions as a means of buttressing corporate viability. The merger of Lockheed with Martin-Marietta announced this August is a prime example of this trend.

It would appear that the Clinton administration has pinned its highest hopes on the research conducted jointly by the national research labs and private corporations (CRADAs). The aggressive administration position is striking, as reflected in the heavy promotion given the Ocotber 1994 mid-term report on the first year of the fuel efficient automobile development project.

However, it was the Reagan administration which formulated the CRADA framework, and quite a number of projects were initiated under the Bush administration. However, the verdict is, "At this point, there has been only little technology developed that corporations can actually use for product development," (Council on Competitiveness), while the future promises to be fraught with difficulty.

One likely future direction is found in moves to use Japanese technical expertise to develop dual-use technologies. The number of corporations doing this continues to grow. In October 1994, the Pentagon announced its intention to incorporate foreign civilian sector technology into future weapons development. In the future, it is likely such demands will be increasingly presented at bilateral levels.

In any case, the Clinton administration program to promote industrial technology gives full and adequate consideration to the results of project work from the 1980's onward, and with the exception of military technology, has every expectation of success.

Naturally, for the time being, the impact of the large Democratic Party losses in the mid-term elections must be taken into account. In particular, it is likely that Republican opposition to programs based on subsidy funding, such as the ATP, will grow. However the emphasis on development of industrial technology sustains the initiatives of the earlier Republican administrations and, consequently, is unlikely to change much.

Deserving special note here is the point that the continued emphasis given enhancement of industrial technology by the various organs of industry, higher education, and state and federal government is the main bulwark sustaining the U.S. economy today. For Japan, it is essential that we refocus our attention on this point.

For a Japan which would pursue excellence in industrial manufacturing, leaps in the scope of industrial technology are of crucial importance. However, perhaps what we must learn here from the United States is the power of an approach uniting the voluntary, goal-oriented development efforts of a variety of participants. While this certainly includes the dynamic activities of much vaunted venture enterprises, the independent initiatives taken by the various state governments and the role played by universities in supporting private industry are deserving of our closer note.

Possibly, the U.S. efforts since the end of the 1980's to enhance and develop industrial technology came as a result of an awareness of the Japanese presence. Not that Japan was simply viewed as a rival, but as is apparent in the focused adoption of TQM, because an attitude emerged which respected the need to learn the things which need to be learned. These efforts have led to real results. Now while the United States is regaining its confidence, it is Japan's turn to learn.

Official Criticizes Increased Visits by U.S. Subs

OW2312084494 Tokyo KYODO in English 0737 GMT 23 Dec 94

[FBIS Transcribed Text] Naha, Japan, Dec. 23 KYODO—A U.S. nuclear-powered attack submarine on Friday [23 December] called in at a U.S. Navy base in Okinawa Prefecture, bringing the total of such visits to 18 this year, an all-time high since the island prefecture's return to Japan in 1972.

The 4,250-ton Puffer and its 130-member crew left White Beach base on the east coast of Okinawa island after a half-hour stopover.

According to the Japanese Foreign Ministry, the submarine crew needed to replenish provisions and conduct technical checks.

Since 1972 a total of 100 port calls by nuclear-powered submarines have taken place in Japan's southernmost prefecture of Okinawa, compared with 50 visits during the 1945-1972 U.S. administration.

While such visits used to number not more than 11 a year and were usually far below this figure, their number increased drastically to 17 last year.

At the same time U.S. nuclear-powered submarines called more frequently at Sasebo port in Nagasaki Prefecture on the southern main island of Kyushu, bringing the total to a record high 14 visits this year.

"I think U.S. submarine activity such as gathering new data and training has intensified since the United States has recently changed its strategy to preventing regional conflicts, and it is closely watching the Korean peninsula for a case of emergency," said Hiromichi Umebayashi, an expert on U.S. defense policy issues.

Kanko Teruya, a prefectural government official in charge of U.S. bases, criticized the increased military activity as "very regrettable" and running counter to the international trend toward disarmament.

He said that early next week the prefectural government will urge the U.S. forces to exert more self-restraint in the future.

Tokyo's Contribution to UN Budget Up 25%

OW2312042594 Tokyo KYODO in English 0352 GMT 23 Dec 94

[FBIS Transcribed Text] New York, Dec. 22 KYODO—Japan's contribution to the UN budgets from 1995 to 1997 will be 15.65 percent of the total, up steeply from the current 12.45 percent and second only to the 25 percent quota for the United States, a UN committee decided Thursday [22 December].

The rate of increase stood at 25 percent, the largest among the 185 member countries.

The UN General Assembly's Fifth Committee, which is in charge of administrative and budgetary affairs, determined each member country's percentage contribution to UN budgets for the three-year period.

For 1996, Japan's contribution is set at 15.435 percent, 0.645 percentage point higher than the recommendation in July by the committee on contributions.

This is a result of the former Soviet Union republics' requests for sharp cuts in their constribution shares in light of their economic and financial difficulties.

Consequently, Russia's contribution to the UN budget for 1996 was lowered to 4.45 percent from the recommended 4.98 percent and that for Ukraine cut to 1.14 percent from the proposed 1.29 percent.

Steel Companies To Deal Separately With PRC Firm

OW2312100094 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Dec 94 Morning Edition p 14

[FBIS Translated Text] Six blast-furnace steel companies including the Nippon Steel Corporation on 14 December agreed with the China National Metallurgical Import and Export Corporation [CNMIEC] that they will stop the practice of holding in a group commercial negotiations with the CNMIEC beginning in August 1995 and will switch to a system of holding negotiations separately on a company-to-company basis. The CNMIEC is the channel for China's imports of steel products. The Japanese companies, in believing that the group negotiations system could infringe on the Antimonopoly Law, has proposed switching to a system of individual negotiations from the first-half-year negotiations period next year (February to July), but the CNMIEC has insisted on maintaining the group negotiations system, saying that under this system it is easier for it to control imports. But the Japanese companies succeeded in convincing the Chinese corporation that the "individual negotiations system will not mean that the existing trade order will be hurt," and it was agreed that the new system should start to be applied from the second-half-year negotiations period next year. For the past 22 years, the negotiations on imports of most steel products by China have been conducted on a group basis, but now the Japanese blast-furnace companies will have to compete between themselves.

Pursuant to the agreement, a negotiations team composed of department managers of the six companies will depart for Beijing on 15 December to hold the final group negotiations and to decide on exports for the first-half-year period of 1995. However, with so much time having been used up by the two parties in debating the negotiations system, it will be almost impossible to carry out any exports in February because of the limited time left. Because of this, the negotiations are likely to deal mostly with the quantity of exports to be carried out in the March-July period and the prices that will apply.

The companies participating in the group negotiations are the Nippon Steel Corporation, the NKK Corporation, Sumitomo Metal Industries, Ltd.; the Kawasaki Steel Corporation, Kobe Steel, Ltd.; and the Nisshin Steel Company. Since 1972, when diplomatic relations between Japan and China were normalized, the group negotiations system has been used in negotiating with China on exports of common steel products. Thus, the prices and quantities of products [to be supplied by the Japanese companies in each half-year period] were decided at the same time.

Japan's Fair Trade Commission, however, which is seeking to employ the Antimonopoly Law more strictly, has informed the steel industry through the Ministry of International Trade and Industry that "it cannot be denied that the group negotiations system might violate the Antimonopoly Law." Consequently, the steel industry proposed to China that the negotiations system be changed effective the next first-half-year period, but China insisted on the continuation of the group negotiations systems, saying that a change in it would cause confusion. In China, where the consumption of steel products this year has declined compared to last year, the government has started to clamp down on the supply and demand for steel products.

The Japanese companies, however, finally succeeded in convincing the CNMIEC that the change will have no effect on China because the Japanese companies will work through the CNMIEC even under the individual negotiations system. Eventually, it was agreed that the new system will take effect after a six-month grace period. From the second-half-year period next year, apparently, the exports of steel products to China will reflect the effectiveness of Japanese blast-furnace steel companies' corporate strategies and the strength of these firms.

Recommendations on Scientific Research Announced

OW2212134294 Tokyo MAINICHI SHIMBUN in Japanese 12 Dec 94 Evening Edition p 4

[FBIS Translated Text] On 12 December, the Science and Technology Council [STC] (with Prime Minister Tomiichi Murayama as chairman) made recommendations to the prime minister by submitting reports entitled "Basic Plan on Research and Development in Advanced Fundamental Science and Technology" and "Basic Guidelines on Securing Science-and Technology-Minded Human Resources." Regarding research on fundamental technology, the STC, for the first time, selected a list of topics to be tackled and proposed, among other things, target goals to be fulfilled over the next decade.

The STC recommends that Japan, which has climbed to the world's top levels in manufacturing technology, must now help contribute to increasing mankind's intellectual assets, maintaining that it will be necessary for Japan to develop fundamental technology which will lead to research on original and creative ideas.

The STC commissioned experts to select topics for research in fields under fundamental technology. From 43 fields, including computational sciences, genetic analysis, atomic and molecular manipulation, and data processing, experts selected 177 topics concerning which the STC described the current levels of development, indicated target goals over the next decade, and explained the wide-ranging effects that can be expected. The topics cover a broad area, ranging from, for example, analysis of soil microorganisms and new laser technology, which are extensions of existing technologies, to still-unrevealed technologies, such as analyzing the human mind.

According to the Science and Technology Agency [STA], the total cost of such developments is estimated at 1.2 trillion yen, including state and private funds. The STA plans to make allocations from the national budget primarily toward research topics. If all goes according to plan, Japanese technology will have reached the world's top levels, but reviews are to be made accordingly in line with evaluations on levels of accomplishment.

With regard to securing human resources, the STC maintains that it will be necessary to create a diverse and flexible environment which will inspire scientists and engineers to demonstrate their originality and creativity. To this end the STC emphasizes the following points: 1) Creating a social environment wherein people can feel familiar with science and technology; 2) improving the research environment wherein creativity can be demonstrated; and 3) encouraging people with diverse talents to participate in scientific and technological activities.

Defense Budget Compilation Issue Examined

OW2212141994 Tokyo NIHON KEIZAI SHIMBUN in Japanese 20 Dec 94 Morning Edition p 3

[Editorial: "Compilation of Defense Budget Without Debating Defense Policy"]

[FBIS Translated Text] The Finance Ministry and the Defense Agency [DA] have settled on a 0.855 percent yearly hike in the budgetary request for defense spending in FY95.

Defense is one of the most important political issues and is inseparable from the future of a nation. Therefore, in compiling a defense budget, debate over what the nation's defense should be is indispensable.

However, we are concerned that no substantial discussion took place as to the nation's defense policy when officials of the government and the ruling parties met to discuss the defense budget for the next fiscal year. It appears their negotiations only involved superficial manipulation of arithmetic. We cannot help but say that in such an instance the government and the ruling parties regrettably disregarded their political mission.

The Social Democratic Party of Japan [SDPJ] strongly maintained that the yearly growth of the defense budget for FY95 should be below 0.9 percent, the increase initially demanded by the DA, in order to materialize its disarmament goal. The party also demanded that contracts involving major combative weaponry should be reduced.

The party has made an unprecedented turnabout regarding the constitutionality of the Self-Defense Forces [SDF] since Chairman Tomiichi Murayama assumed prime ministership in June. Overturning its traditional stance that the existence of the SDF violates the Constitution, the SDPJ now says the SDF is a constitutional entity. This switch cost the SDPJ a lot. No doubt the party thought that a government led by Murayama must demonstrate clearly that it has cut the defense budget. Otherwise the SDPJ would lose its integrity. That was probably the strongest reason it pushed a low defense budget increase.

However, at a coordination meeting with its fellow coalition parties about the defense budget, the SDPJ failed to present any clear reason why the nation needs disarmament now, or any concrete proposals on what should be reduced.

It is true that the after the end of the Cold War, such advanced European countries as the UK, Germany, and France have been cutting their defense spending. Yet it seems quite a leap to conclude that Japan also should reduce its defense spending just because these countries have done so.

Behind those European countries' defense spending cuts are defense budget increases they posted in the era of East-West confrontation. The UK, Germany, and France still spent as much as 2 to 4 percent of their gross national products (GNP) on defense in FY92. Japan's defense spending is less than 1 percent of its gross national product (GNP), a very different equation.

And although the Cold War is certainly over, we cannot say that Europe and Asia are in the same situation as regards security. Japan has to face such uncertain factors as the Korean situation and reported military buildup of China and other Asian countries.

Therefore, it is necessary to analyze what kind of environment the nation is currently in and find out what particular kind of defense capability it will need before the compilation of the defense budget.

Yet, because the SDPJ wanted to demonstrate its efforts for disarmament, its coalition partner, the Liberal Democratic Party, also engaged, as did the DA, in cosmetic temporary manipulation of figures.

Most of the defense cuts in fact come from benefits of the high appreciation of the yen, postponing payment of the SDPJ pensions by extending the retirement age for certain SDPJ staff, and reducing unit costs of goods the DA will procure.

Chief Cabinet Secretary Igarashi has hailed the low defense budget increase, saying "It will pave the way for the nation's arms reduction." We feel such an argument rests on a very fragile foundation.

Compilation of the defense budget without debate is the natural outcome of the SDPJ's long-held stance of the SDF's unconstitutionality, and its failure to ever try to establish its own, realistic defense policy.

Some LDP members have allegedly expressed displeasure with the way in which the defense budget was compiled with the ultimate goal of arms reduction surpassing any debate. Yet those dissenting voices were lost in an atmosphere within the LDP that made "maintaining the coalition government" the first and foremost priority.

In this sense, the LDP also bears its share of blame. The defense budget process has thus explicitly demonstrated the deficiencies of "the LDP-SDPJ coalition government."

Murayama Cabinet Approval Rating Nears 41%

OW2212132094 Tokyo ASAHI SHIMBUN in Japanese 22 Dec 94 Morning Edition p 1

[FBIS Translated Text] The results of a nationwide public opinion poll conducted in December by ASAHI SHIMBUN showed the approval rating of the Murayama cabinet edging up toward 41 percent, a slight increase of over 2 percentage points from the 38 percent it gained in the November nationwide public opinion poll. The nonapproval rating of the Murayama cabinet registered 39 percent, the same as that in the November nationwide public opinion poll. The Murayama cabinet smoothly handled the latest ordinary Diet session and this appears to have affected the approval rating of the Murayama cabinet in the December poll.

So far, ASAHI SHIMBUN has conducted a nationwide public opinion poll four times to survey the approval rating of the Murayama cabinet. A poll conducted in July shortly after the Murayama cabinet was inaugurated found the approval rating of the cabinet at 35 percent and the nonapproval rating at 44 percent. In the September poll, however, the approval rating of the cabinet rose to 40 percent exceeding the nonapproval rating of 36 percent. As a result, the Murayama cabinet gained the highest approval rating in the December poll.

As the reason for approving the Murayama cabinet, 12 percent of the respondents who approved the Murayama cabinet said, "The Murayama cabinet was formed by a coalition of the Liberal Democratic Party [LDP], the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger Party]." In the November poll, only 8 percent of the respondents cited the same reason. In the December poll, 12 percent of the same respondents said, "We approve of the Murayama cabinet because of its policies," but in the November poll, 17 percent of them cited the same reason for approving the Murayama cabinet.

The approval rating of the Murayama cabinet by the respondents who supported the LDP, the SDPJ, and Sakigake in the December poll increased from that in the November poll. The approval rating of the Murayama cabinet by the respondents who supported the LDP jumped from 43 percent to 50 percent, and this is the first time that the approval rating of the Murayama cabinet by the LDP supporters has reached the level of 50 percent since the three parties forged a coalition to form the present Murayama government. The approval rating of the Murayama cabinet by the SDPJ supporters went up from 71 percent to 73 percent, whereas the approval rating of the Murayama cabinet by Sakigake supporters also increased from 43 percent to 49 percent.

Reportage on Support Rate for Shinshinto

ASAHI: 21 Percent Approve

OW2212142594 Tokyo ASAHI SHIMBUN in Japanese 22 Dec 94 Morning Edition p 1

[FBIS Translated Text] An ASAHI SHIMBUN poll shows that Shinshinto [New Frontier Party] has become the second most popular political party with a 21-percent rating from the public, following the Liberal Democratic Party [LDP], which is supported by 36 percent. ASAHI

SHIMBUN conducted the nationwide opinion poll on 18 and 19 December to probe public attitudes toward Shinshinto's initiative to build a two-party political system. In the poll, 44 percent welcomed the founding of Shinshinto, while 30 percent demonstrated a negative view toward this. However, over 50 percent have questions concerning Shinshinto's motley and ambiguous characteristics. It appeared that voters generally welcome the founding of Shinshinto but are perplexed by its lack of definite policy proposals.

The poll was conducted just a week after Shinshinto was founded. In our previous survey in November, the total support rate for the parties that merged to form Shinshinto—Shinseito [Japan Renewal Party], Komeito [Clean Government Party], the New Japan Party, the Democratic Socialist Party, the Liberal Party, and the New Party Mirai—was 22 percent. Because that number remained almost the same as the rate of support for Shinshinto found by this current poll, a new-party boom therefore did not occur after the founding of Shinshinto.

The support rate for Shinshinto was relatively high in the 26 to 35 age group (25 percent), and it remained low in the over-50 age group [no percentage figure as published]. On the other hand, over 50 percent of respondents over age 50 supported the LDP. The LDP is more popular in smaller cities and rural areas than in major cities, but Shinshinto obtained 25-percent support in major cities, compared with 18 percent in rural areas.

In response to a question asking their reaction to the founding of Shinshinto, the majority of supporters of the Social Democratic Party of Japan [SDPJ] and Sakigake [Harbinger] demonstrated negative reactions. However, 40 percent of the pro-LDP group expressed a favorable reaction to the appearance of Shinshinto, compared with 34 percent who reacted negatively. Among the age groups, about 50 percent of respondents in their twenties to forties welcomed the appearance of Shinshinto.

When asked their impressions of Shinshinto, 18 percent said that the party "introduces a fresh breeze to politics," 11 percent said that "a change in which party would be the ruling party had become more likely," and 9 percent said that they have "hopes for the party's policies." Favorable opinions remained at 38 percent. On the other hand, 23 percent said that Shinshinto is "motley," 22 percent said it has "no clear policy," and 9 percent said that the party "has no freshness." In total, 54 percent expressed negative reactions toward Shinshinto, but about 30 percent of the 54-percent group welcomed the appearance of Shinshinto. The poll thus demonstrated voters' complicated views of the new party.

The support rate for the LDP declined from 38 to 36 percent, and that for the SDPJ also dropped from 16 to 13 percent. On the other hand, support for Sakigake increased from 4 to 7 percent, and that for the Japan Communist Party rose from 3 to 5 percent. Those giving the "no party to support" answer also increased from 13 to 16 percent.

YOMIURI: 14 Percent Approve

OW2312035994 Tokyo YOMIURI SHIMBUN in Japanese 22 Dec 94 Morning Edition p 1

[FBIS Translated Text] The YOMIURI SHIMBUN conducted a nationwide public poll on 17-18 December immediately after the New Frontier Party [NFP] was inaugurated. According to the survey, the approval rating of the Murayama government increased slightly to 44.8 percent, 1.8 percentage points up from the previous month. Meanwhile, its disapproval rating dropped to 39.4 percent, 0.5 percent down from the previous month. On the support rating of political parties, the NFP obtained only 14 percent, while the Liberal Democratic Party's [LDP] support rating dropped to 23 percent, the lowest percentage since the party's establishment in 1955. On the other hand, those who said they "do not support any parties" reached the highest level yet, 47 percent. The survey indicates that the percentage of those who "do not support any parties" has remained at over 40 percent for eight consecutive months. This reflects a tendency that the number of people who are not interested in political parties is rapidly increasing, and it can be said that the people's distrust of political parties is very serious.

The support rating for the NFP, which has been inaugurated as the largest party since a merger of conservatives in 1955, exceeded the previous month's total approval rating (13 percent) of political parties forming the base of the NFP, such as Shinseito and Komeito. However, this figure is lower than that of the Japan New Party [JNP] surveyed in November last year (at the time of the Hosokawa cabinet). The NFP won 12 percent of the LDP supporters, 6 percent of the Social Democratic Party of Japan [SDPJ] supporters, and 3 percent of those who do not support any parties. Meanwhile, however, about 30 percent of the supporters of Shinseito and Komeito, which form the base of the NFP, and over 60 percent of the JNP supporters turned to other parties or joined those who do not support any parties, and this seems to be a cause for the low approval rating of the NFP.

Asked about their reasons for supporting the NFP, the NFP supporters said they approve of the party because they expect changes in politics (45 percent); expect the further promotion of political reform (33 percent); and place hopes on the NFP's ability to implement its policies (26 percent). Asked why they do not support the NFP, non-NFP supporters said they do not support the party because: 1) (Secretary-General) Ichiro Ozawa has great influence (34 percent); 2) the party lacks unity (32 percent); and 3) Komeito's influence is considerable (13 percent).

On the support rating for other parties, 10 percent of the respondents said they support the SDPJ, while both the Japan Communist Party [JCP] and Sakigake each obtained a support rating of two percent. The support rating of the LDP dropped slightly, by four percent when compared with that of the previous month, to the lowest level ever, 23 percent, breaking the previous record low marked in June (23.2 percent). The support rating for both the SDPJ and Sakigake also dropped slightly when compared with that of the previous month.

Meanwhile, the approval rating of the Murayama cabinet increased by 0.1 percent when compared with that of October, reaching a record high. Asked about their reasons for supporting the Murayama cabinet, the Murayama cabinet supporters said they support the cabinet because: 1) the prime minister is reliable; 2) the current government is better than the former LDP government; and 3) Murayama's political stance can be evaluated positively.

Those who do not support the Murayama cabinet said they do not support the cabinet because: 1) the cabinet has not produced remarkable results; 2) Murayama's political stance is not good; and 3) the cabinet's policies cannot be evaluated positively.

Ozawa Predicts Political Upheaval in 1995

OW2312062294 Tokyo KYODO in English 0607 GMT 23 Dec 94

[FBIS Transcribed Text] Chiba, Japan, Dec. 23 KYODO—Shinshinto (New Frontier Party) Secretary General Ichiro Ozawa said Friday [(23 December] the Japanese political landscape will continue to be in flux next year.

Speaking at a meeting to inaugurate Shinshinto's Chiba Chapter, Ozawa pointed to the possibility of a general election in 1995 and stressed the need to build up a well-oiled party machine for election campaigns.

"We will also see a big change in the political situation in Japan next year," Ozawa said.

"The House of Represeantatives is a constant battlefield. We have to make up organizations that can handle whatever situation arises."

Ozawa, the chief strategist of the newly created opposition party, said Shinshinto stands a good chance of winning elections if election campaign are well organized.

"If we put up a united front, we have nothing to fear."

The Chiba branch, which was launched on the day, is the first local arm of Shinshinto, which was established Dec. 10 with the participation of most of the noncommunist opposition parties and groups.

The party leadership plans to enhance its local organization for the scheduled unified local elections next spring and House of Councillors election next summer.

While some local organizations, including the Tochigi branch to be inaugurated Saturday, are expected to come to pass shortly, there are more than a few areas in which the prospect for early establishment of an organization is dim.

Providing little help to the party's efforts to build up local organs is the move of the former Democratic Socialist Party (DSP), which joined Shinshinto, to maintain its own local arms.

Shinshinto local branches will for the time being concentrate their organizing efforts on gathering party members and supporters as well as on boosting ties with labor unions and industry organizations, party officials said.

Brokerage Industry To Resume Political Donations

OW2312041694 Tokyo KYODO in English 0335 GMT 23 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 23 KYODO—The brokerage industry has settled to resume providing political donations to the Liberal Democratic Party (LDP) and two other parties, industry officials said Friday [23 December].

The two other parties are New Party Sakigake and Shinshinto (New Frontier Party), the largest opposition party set up recently in a merger of nine noncommunist opposition parties.

The LDP and Sakigake are within the ruling coalition government led by Prime Minister Tomiichi Murayama, chief of the Social Democratic Party.

The brokerage industry will provide up to 100 million yen in political donations as permitted under law next week to the three parties through a group representing members of the Tokyo Stock Exchange, the officials said.

The industry has suspended political donations for nearly a year and has been slow to resume them in the face of the tough business environment and uncertainty about politics.

Until last year, the industry had provided such donations to the LDP and the now defunct Democratic Socialist Party, which was absorbed into Shinshinto.

Political Circles Divided Over Corporate Donations

OW2312083394 Tokyo YOMIURI SHIMBUN in Japanese 15 Dec 94 Morning Edition p 2

[FBIS Translated Text] The Liberal Democratic Party [LDP], the New Frontier Party [NFP], and Sakigake [Harbinger] are welcoming the fact that major business groups and companies have decided to resume their political donations. In intending to collect as many contributions as possible, the three parties, which have been looking for financial support, have already triggered a disagreement in some areas of the business sector to get what they want.

On the contrary, both the Social Democratic Party of Japan [SDPJ] and the Japan Communist Party [JCP] have been increasing their criticism, saying, "Political donations will nourish 'collusion between politicians, bureaucrats, and businessmen.'" The political parties have agreed to review corporate political donations in five years after the introduction of public subsides to political parties. But such conflicting views on the issue may have a certain impact on their discussions on donations in the future

Various companies and business groups had suspended their financial contributions to political parties since the Japan Federation of Economic Organizations last September decided to cease its practice of arranging donations. At the strong urging of the LDP and Sakigake, however, city banks and the Japan Automobile Manufacturers Association decided to make donations to these two parties and to Sakigake as well. Life insurance companies and the Nippon Steel Corporation have decided to make political contributions to the three parties. In addition, the Petroleum Association of Japan decided to make 50 million yen in donations to the LDP, although it used to provide 90 million yen in the past.

Seeing such moves, a LDP senior official commented, "Business circles, which grew distant from the LDP when we were in the opposition, are now demonstrating their intention to restore their ties with us." Another senior official in the LDP in charge of financial affairs noted that this is a result of the LDP regaining political power and said, "With tax reform and the compilation of the budget having started, they are now gradually realizing how powerful we are."

Former Construction Minister Takeshi Noda, who is now in the NFP, said, "It is very good news for us because business circles are saying that they will provide support to the political activities of the three parties in a fair manner." Another official who used to be a cabinet minister analyzed the situation as follows: "They judged that it is better to make donations to both conservatives and middle-of-the-roaders. It is a correct decision. Giving donations means that they are buying insurance to maintain their ties with the political world."

Sakigake representative Yukio Hatoyama said, "We are not saying that all political donations are sources of corrupt connections, because transparency in the use of money will be ensured under the new system."

The three parties intend to look for more donations, noting that "the collection of money will become easier compared to the past, when we had to ask even business groups that were reluctant to make donations" (as stated by a LDP official in the finance division).

But the LDP has a problem with the fact that donations also will be given to the NFP. Said Shunpei Tsukahara, the LDP's treasury bureau director general, "We are not saying that only the LDP should be allowed to receive donations, but what is the value of giving money to an opposition party?" Furthermore, some LDP members have pointed out, "NFP members who used to serve as ministers are scouring companies and business groups for 'the same amount of donations that will be given to the LDP.'" It is obvious that the "battle over political donations" will grow more intense.

The Political Contribution Control Act stipulates that corporate donations to political funding organs set to be abolished and donations to political parties will be reviewed in five years. However, some LDP members are already complaining, "It is impossible to abolish donations because we cannot do without them."

On the other hand, the SDPJ is maintaining that corporate political donations should be prohibited. Ikuo Horigome, a deputy chief of the SDPJ political reform project bureau, criticized the business circles' decision and said: "The SDPJ compromised because it thought that all political parties agreed to discuss the abolition of corporate political donations in five years. We are supposed to discuss how to change the nature of political donations by permitting only donations to individual politicians but not to political organs. The SDPJ cannot accept the decision by the business community to openly resume making political donations." The JCP is also demanding the immediate suspension of corporate political donations.

SDPJ 'Rebel' Group Plans To Form New Party

OW2212134394 Tokyo KYODO in English 1220 GMT 22 Dec 94

[FBIS Transcribed Text] Tokyo, Dec. 22 KYODO—Leaders of the Social Democratic Party (SDP) [of Japan—SDPJ] agreed Thursday [22 December] that Feb. 11 is the most appropriate date for the party to hold an extraordinary convention to discuss the creation of a new party, angering a rebel group which requested a convention in January.

The agreement was reached at a meeting of the SDP central executive committee, party officials said.

The committee members decided to hold another meeting on Jan. 12 to make a final decision on the convention, they said.

Prime Minister Tomiichi Murayama leads the SDP, one of the three ruling coalition forces, along with the Liberal Democratic Party and new party Sakigake [Harbinger].

Sadao Yamahana, chief of the rebel group New Democratic League which has been advocating the new party idea, was outraged by the agreement and said his group "will start preparations for the creation of the new party in January before the next Diet session is convened."

The New Democratic League has been urging the need to create the proposed "democratic and liberal" party before the Diet session starts and thus the holding of a convention to approve the SDP's transformation into the new party before then.

Yamahana's remark indicates that the group will stick to the idea of creating a new party in January and may leave the SDP if its request is not granted by the party leadership.

Kanju Sato, deputy chief of the league, later told reporters that the group members will quit the SDP before the start of the Diet session in order to hold "a founding convention of the new party."

Fewer Bureaucrats To Serve as Corporate Executives

OW2212143794 Tokyo MAINICHI SHIMBUN in Japanese 15 Dec 94 Morning Edition p 2

[FBIS Translated Text] Concerning the issue of the "decent-from-heaven" [amakudari] appointment of former bureaucrats to serve as executives of special public corporations, a government source disclosed on 14 December that a plan had been worked out to check the number of such appointments in the future. The plan aims at suppressing the ratio of former bureaucrats serving as full-time executives at various special public corporations, excluding such corporations as the privatized JR [Japan Railways], at less than 50 percent in accordance with a cabinet decision.

In concrete terms, when an executive of a special public corporation has served out his term, or when a ministry or an agency requests the appointment of a former bureaucrat, the issue will be brought to the prime minister's official residence for checking, and "starting from those public corporations where the ratio is high, the number of former bureaucrats will be reduced," (as stated by a government source.)

At present, there are 92 special public corporations. And according to a survey conducted by a project team under the ruling coalition parties in charge of administrative reform, the ratio of former bureaucrats against all full-time executives was 47.4 percent last April. However, this figure jumps to 63.5 percent, when 10 corporations such as the privatized JR [including West JR, East JR and others] and NTT [Nippon Telegraph and Telephone Company] are excluded.

In various documents, such as a cabinet decision in 1977 and a cabinet consensus adopted in 1979, the government set forth a policy that the number of full-time executives of special public corporations "who are directly selected from among government officials should be limited to less than one half of the total." And it has been decided that "further efforts will be made to appoint civilians in accordance with operational needs."

Former Bureaucrats Holding Bank Posts Discussed

OW2312071794 Tokyo EKONOMISUTO in Japanese 29 Nov 94 pp 70-71, 74-76

[Article in question-and-answer format by financial commentator Ken Komori: "Map of MOF and BOJ's Control of Bank Posts Changing"]

[FBIS Translated Text] The Ministry of Finance [MOF] and the Bank of Japan [BOJ] not only supervise city banks, but also control them through the transfer of people from their offices. This article will verify the actual conditions of such a practice.

Q: I heard that besides capital keiretsu, there are MOF and BOJ keiretsu among banks.

A: All banks (150 banks) in Japan are connected to each other through a subtle network of capital, groups, business connections, loans, and personnel connections. Also, within the six major corporate groups, trust banks, insurance companies, and securities firms form a pyramid with city banks at the top of it. Fuji Bank (then Yasuda Bank) has been well known for its nationwide bank keiretsu since the prewar days.

Besides these parallel connections between banks, there is a vertical relationship between banks and their supervising authorities, in which the banks offer posts for people sent from the MOF and the BOJ. The relationship of which bank is affiliated with which authority is almost stationary. Of 150 banks in the country, the posts of chairman and/or president are held by former MOF officials in 33 banks, and by ex-BOJ officials in 20 banks as of late June this year. Of these banks, the chairman and president posts in two banks are divided between retired MOF and BOJ bureaucrats, and therefore, the total number of banks [whose top posts are held by former MOF or BOJ officials] is 51. One out of three banks has its top posts held by "amakudari [a practice known as 'descent from heaven' in which former senior bureaucrats receive high-paying jobs in the private sector or in public corporations]" government officials. Also, there are 48 former bureaucrats from the MOF, and 38 from the BOJ who occupy the vice chairman, vice president, senior managing director, and managing director class posts; and 50 former MOF and 21 former BOJ officials in the director and auditor class posts. In addition, there are many former bureaucrats who hold counselor or advisor posts.

Q: Which banks are affiliated with the MOF?

A: Those that are said to be MOF-related are: Hokkaido, Tohoku, Iwate, Tokuyo City, Fukushima, Daito, Towa, Tochigi, Joyo, Tsukuba, Musashino, Tokyo, The Nippon Credit Bank, Higashi Nippon, Yokohama, Kanagawa, Taiko, Ishikawa, Daisan, Osaka, Senshu, Hyogo, Shimane, Tomato, Hiroshima, Shikoku, Nishi Nippon, Saga, Saga Kyoei, Kyushu, and Howa. At these banks, the top post has been assumed by career MOF bureaucrats for many years, and other major posts of the board have been dominated by MOF officials as well, while BOJ people have played only a minor role; or the president's post is held alternatively by MOF officials and the bank's own personnel.

Most of them are either regional banks that were established after the war, or second regional banks that had been converted to ordinary banks before the first year of

Heisei [1989]. Each banks' relationship with the MOF varies: Those that had a problem and were rescued by the MOF, those that have close ties with the MOF historically, those that offered a MOF official a post to keep the balance of posts held by banks that merged, those that needed to strengthen their banks due to a sudden lack of their influential figure, and those that needed the MOF as a means to compete against their BOJ-related competitors.

In the past, for example, Eiichi Shibusawa, former Dai-Ichi Bank founder, used to be what is now MOF administrative vice minister. In addition, government-related special banks and local city banks—such as The Hokkaido Takushoku Bank, The Bank of Tokyo, the former Nippon Kangyo Bank, the former Industrial Bank of Japan, the former Kobe Bank, and the former Taiyo Bank—were MOF-affiliated. Even now, The Bank of Tokyo's two counselors (former tops), chairman, and senior managing director are former MOF officials.

As for 21 banks in the three major business types of financial institutions (city banks, long-term credit banks, and trust banks), however, the MOF people no longer occupy these banks' top posts except for The Bank of Tokyo and The Nippon Credit Bank. The Daiwa Bank's appointment of a former MOF director general to the post of senior managing director stationed in Tokyo is all what is noticeable recently.

Q: How about BOJ-affiliated banks?

A: These are: Hokuyo, The 77 Bank, Toho, Gunma, Kanto, Ibaraki, Chiba, Nagano, Toyama, Gifu, Chubu, Shiga, San-in Godo, Hiroshima Sogo, Saikyo, Awa, Fukuoka, Oita, Miyazaki, and Kagoshima.

There used to be cases in which—at Sanwa, Tokai, and Kyowa, for example—a senior BOJ official or a general manager of a local BOJ branch in the area assumed the top post of a bank when banks merge by the "one prefecture one bank" policy implemented in the early Showa period, or when a bank is raised to the status of a city bank after a major regional merger. And since that time, the bank's post has been succeeded by BOJ bureaucrats. However, former BOJ officials are no longer occupying the top posts in city banks, not even in former Kyowa Bank nor The Tokai Bank. Although there are some ex-BOJ bureaucrats who hold "reserved-type" posts in long-term credit banks and trust banks, they are not occupying the top positions. While many banks were considered to be BOJ-related during the era—from the end of war to the period of high economic growth—of banks' over-borrowed situation, now the situation has changed, and the number of BOJ-affiliated banks has stabilized, maintaining the status quo.

Q: Is there a battle between the MOF and the BOJ to gain more bank posts?

A: Due to the bank recession after the collapse of the "bubble economy," there were "peace keeping operation-like" dispatches of government officials to the banks such as The Nippon Credit Bank, Hyogo, Tomato, and Taiheiyo. In the process there were some unexpected changes like a former BOJ official assuming a post in a traditionally MOF keiretsu bank, or BOJ's reserved bank post being raised one rank higher.

You can say that both authorities do not leave the reserved seats they acquired, and they are always thinking about how to upgrade these posts. They have a very strong desire to secure their "occupied territories" and to expand them further by raising the court rank and honors of a retiring official's final post in the government, by sending a potential candidate of the next generation to take the top post of a bank, or by changing those unsuited for the job halfway. Of course there are cases that do not follow the authorities' scenario: candidate's illness, death, accidents, resignation to assume the responsibility for an incident, or a candidate being unable to get along with the bank that he was sent. Nevertheless, the underwater struggle between the MOF and the BOJ for a position is said to be getting even more heated partly due to the present recession.

Q: What is the recent power shift example?

A: At Toyama Bank, former general manager of BOJ Kanazawa branch was promoted to the post of president after serving as vice president for just one year. At Nagano Bank (former Nagano Prefectural Commercial and Industrial Credit Cooperative), a former BOJ official serving as the bank's senior managing director was promoted to the post of president, which had been held by a former MOF official, and he continued to be the president after the bank was transformed into an ordinary bank. At Hyogo Bank, a former MOF official was hastily appointed to the post of president, a former BOJ official to the post of vice president, and a former MOF official to the post of senior managing director after the retirement of the BOJ-related president. At Tomato Bank, the first year MOF-affiliated vice president replaced the president, a native official of Tomato Bank, who became the chairman. These cases represent more of "the development of a new land," "joint control," or "the advancement of occupation forces" than the changes in influence, and the superiority of the MOF has become more evident. Although the inferiority of the BOJ was once rumored, the bank recession after the bubble economy's collapse was an advantage to the BOJ in securing its territory.

Q: Is the MOF always superior?

A: In terms of numbers, yes. The BOJ was dependable during the high economic growth era when the banks' over-borrowed situation was at its peak. The BOJ is usually the friend of city banks, and the banks have a strong sense of closeness to the BOJ. However, the MOF has the authority to grant a license, approve, and supervise financial institutions, and it is obligated to be held responsible as the supervisor in the Diet if a bank scandal or accident occurs. Even banks cannot be independent from central and local politics, and the MOF is the office of the government offices. The psychology of those banks that offer positions for former MOF bureaucrats must be that they can have a sense of relief when they know they are directly connected to the MOF. Although the BOJ has strong control over banks in the Kanto and Kyushu regions, it is the MOF that advances into those banks that are faced with settle some kind of accident or scandal resulting from the bubble economy's collapse, assuming the control over the banks and giving them a sense of relief.

While both authorities have secured their reserved positions in banks for many years, they seem to have the same problem: They cannot get along well with the banks under the circumstances in which the bank's own personnel gain power, and the sons of influential persons in the area emerge.

Q: What led to the emergence of the MOF and BOJ keiretsu?

A: Many bureaucrats took the office of presidency in banks when, as mentioned above, the policy of "one prefecture one bank" was strongly promoted by the administration in the early Showa period (538 banks in 1932 was reduced to 61 by late 1945), and when there was a major regional merger of banks. This practice has become even more popular as a means to keep a direct connection between the central government and banks in the era of strong statism during the war and the period of financial confusion after the war. And when the "escort convoy method" was established, whose principle is not to let any banks go bankrupt, there was the need to temporarily send high officials from both authorities to banks, which are in business slump or have an accident, to stabilize the financial world.

Under the strengthening of such guidance and controls, bureaucrats' temporary position in the banks became reserved seats, and a keiretsu was formed. Also, there is a case in which the posts held by government officials in a government-related bank were fixed for bureaucrats even after the bank was privatized after the war.

Q: What are the benefits of being a keiretsu bank?

A: Both authorities treat those who left the organizations as "ordinary people" on the surface. But, it is difficult to look down on those who were your senior colleagues until yesterday just because you now have the official authority. And it is all the more difficult to do so when you think that you might be helped by this person in the future.

Furthermore, both authorities are second to none in taking good care of their old boys as finding jobs for their retired officials is said to be the biggest job of MOF's director of the secretariat and BOJ's executive director in charge of personnel matters. Old boy meetings are regularly held, and the communication—such as the exchange of information on personnel matters—between former officials and their government offices is going very smoothly. Also those retired bureaucrats who were sent to banks work very hard there. If there is an irregularity, it will hurt his former organization, and the post will cease to be succeeded, or he may be replaced cold-heartedly by the government office that sent him.

The banks that accept former government officials, after all, hope these bureaucrats will be their last resort in the case of an emergency. They may provoke antipathies of a group of "racist" personnel within a bank, but the MOF and BOJ consider whether the person to be sent can get used to his new environment, and if he has the personality and ability to keep the bank under his control. Sometimes, though rare, there are cases in which a former bureaucrat at his new job rebels against his former government office, but most of them are well aware of their duties and benefits.

Q: Amakudari is practiced by what kind of people?

A: Both authorities consider candidates' hometown, ability, career, personality, and the year of joining the government office. The balance of its personnel appointments with that of other dispatching ministries or banks will be carefully taken into consideration. They attempt not only to fill the reserved posts, but also to secure a post for the next generation and to raise the ranking of their posts. Also, those who already have reached the highest post or have become old will confer with their former ministries and appoint those who seem to qualify for the job. The following factors are important in determining a candidate's post-ministerial job: Personal network with the local financial circles, hometown, university, the place where one has worked as branch manager or local finance bureau chief. In addition, there seems to be an "omiai" [a meeting with a view to marriage] in the very early stages of a selection. It is rare that a bank that offers a post refuses its prospective personnel, nevertheless, both parties are serious in the meeting.

After the transfer, a former bureaucrat is expected to behave completely different from the way he used to because he is now an executive of a profit-making company. While he may be fully aware of how he should behave, you can say that his former ministry is carefully "watching" his actions.

Q: Is there the same kind of practices in the West?

A: There is no concept of a reserved post or a keiretsu post. The post-ministerial jobs, even for high officials in the government agencies or a central bank, are determined solely on the basis of an individual's ability, experience, judgment, and personal networks. The reason for this is because the appointment of a high official in the government offices or a central bank is a highly political matter, which is different from Japan, and therefore it is difficult to expect a benefit from one's former ministry just because he used to work there.

Even so, there are many examples of former government officials being hired or offered a post of adviser or director by the financial institutions they used to supervise, and their salaries are said to be extraordinarily high. Head hunting for excellent personnel among companies, and job hunting by former bureaucrats are fierce, which is very different from the situation at the MOF and BOJ where it is natural for bureaucrats to stay with one organization for decades. Also, there is no atmosphere among the government offices that makes it convenient to have their old boys in the companies that they supervised.

Q: Amid the financial liberalization and reorganization trend, what is the future of amakudari keiretsu banks?

A: Factors such as the settlement of "bubble" finance, and financial liberalization and deregulation that will lead to the survival of the fittest are noted to result in the strengthening of such an amakudari keiretsu. There are still many managers in the local financial circles who cannot give up their lordly positions and the idea of hereditary posts, and those are the ones who would be in trouble once deregulation is carried out, except for financial institutions with the wealth of talent such as city banks and long-term credit banks. In the above group of managers there are also many of the following type: Especially those who lost money playing the market during the bubble economy; those who are unable to keep up with the dramatic changes of financial and capital markets; and those who experienced a slump in business by their failure in marketing, which represents their lack of understanding of the times.

Keeping the credit order, protecting depositors, and making things go smoothly in regional finance are the duties of the MOF as a matter of course. The BOJ, keeping an eye on the daily activities of banks, also assumes a great responsibility. Both MOF and BOJ must be thinking that it is important to have a bank manager in chief regions who can engage in a concerted action with the authorities smoothly in the case of an emergency like a sudden merger or a bank failure. Since Japan's financing is supported by a very small number of banks (150), there is a need to view amakudari in this sector somewhat differently from that in the other industries.

Mitsubishi Bail-Out of Nippon Trust Examined

Trust Banks Dissatisfied

952A0146A Tokyo KINYU ZAISEI JIJO in Japanese 24 Oct 94 pp 14-16

[Article by KINYU ZAISEI JIJO reporter, Haruo Tanigawa: "Trust Industry Irritated by Continuation of Full-Line Operations by Nippon Trust Bank"]

[FBIS Translated Text] *On 12 October, Nippon Trust Bank, which had been suffering from serious operating problems associated with the collapse of the bubble economy, announced it had abandoned any attempt at restructuring itself and would become a subsidiary of Mitsubishi Bank. The seriousness of Nippon Trust Bank's financial condition prompted the banking industry to concede that there was no choice but to provide special relief by using the subsidiary approach, but both trust banks and city banks have voiced displeasure about Nippon Trust Bank's decision to continue with full-line operations.*

Newspaper Reports Inspired Early Announcement

As covered in several past reports, a decision has been made to make Nippon Trust Bank, which had fallen on hard times, a subsidiary of Mitsubishi Bank. It has been said that stories like this fail to materialize if leaked to the press beforehand. However, in this case, it appears as if the story was inspired by the mass media which created a preconceived scenario in the minds of the public which was then used by the Mitsubishi Bank in openly proceeding with the rescue buy-out of Nippon Trust Bank.

One leading trust bank admitted that, because of such advance publicity, even trust banks other than Nippon Trust Bank which feared the entry of city banks into trust banking operations had "resigned themselves to the buy-out action." He added, however, "We had thought we would be able to offer some conditions on the scope of operations for Nippon Trust Bank, once the decision was made to make it a subsidiary." That hope was not fulfilled because, for one thing, the situation had already progressed more than commonly expected and another reason was that Nippon Trust Bank's financial condition was in far worse shape than anticipated.

[Nobuyoshi] Takeuchi, Trust Companies Association of Japan chairman and Toyo Trust and Banking Company president, made the rounds of the trust industry on 11 October to explain the essence of the Nippon Trust Bank case. Several trust bank officials look back and say, "At that time, the official announcement was scheduled for the 14th. The actual announcement was made earlier than expected, but even then we thought there would be time to discuss a rollback of Nippon Trust Bank's scope of operations."

However, on the following morning, 12 October, the NIKKEI morning edition scooped the news that "Nippon Trust would become a subsidiary while maintaining a full-line operation," and the situation progressed quickly. During that day, Nippon Trust Bank received an order to improve operations under the provisions of Section 26 of the Banking Law and Section 4 of the Combined Trust Banking Law, and Mitsubishi Bank applied to the Ministry of Finance [MOF] and obtained tentative approval to acquire Nippon Trust stock and executives of both banks held a joint press conference at Mitsubishi Bank headquarters at 1700.

The financial condition of Nippon Trust revealed at the press conference was so bad that even when one leading city bank official remarked, "If you go so far as to take exceptional measures twice in a year, it is no longer an exceptional measure, financial system reform should be completely revamped," his remarks fell on deaf ears and everyone was convinced that the action taken was "inevitable."

"Drastic Action" for the Purpose of Restructuring

As a result of reviewing the operations under new management of Nippon Trust in June 1994 and audits by the MOF from April to September, President Hirano of Nippon Trust Bank states, "The outlook became clear that this bank's assets had deteriorated much more than anticipated and that there would be a further marked increase in nonperforming loans." During those months, reportedly, the suspension of followup loans led to the conversion of problem loans into bad loans and overdue loans.

During the press conference, it was disclosed that nonperforming loans officially outstanding as of the end of September stood at 230 billion yen and "nonperforming loans requiring immediate write-off totaled 200 billion yen. The officially published nonperforming loan figure as of the end of March was 130.9 billion yen, which means that they increased by about 100 billion yen in six months.

Incidentally, some in the financial industry have taken the view that, "It looks like Mitsubishi Bank was referring loans destined for its nonbank affiliates to Nippon Trust Bank," but Mitsubishi Bank and the MOF deny those allegations, saying, "They cannot be substantiated."

On the other hand, operating earnings of the Nippon Trust Bank which can be used as a source of funds to offset write-offs for the accounting year ending in March were only 3.5 billion yen. Even if paper profits of securities holdings of 25.1 billion yen were added, the total would not reach 30 billion yen. These figures have been further adversely affected by an increase in nonperforming loans in the first half, and a drop in profits in services operations and a decline in profits from the disposal of securities led to a further drop in gross profits and the recording of a 500 million yen deficit in net operating results for the half-year ending in September. That condition allows for no room to write off nonperforming loans. President Hirano states, "Those conditions led us to the conclusion that we had no choice but to seek outside assistance as a means to sustain the survival of Nippon Trust."

In saying, "We have opted for drastic action to restructure the bank," Nippon Trust will take write-offs totaling 200 billion yen in the second half of the year. As a result, the bank will record huge deficits in the March 1995 year amounting to net operating losses of 7 billion yen, recurring losses of 54 billion yen, and current-year losses of 163 billion yen.

The bank's assets had stood at 93.8 billion yen, which means the foregoing figures will place it in a negative net worth position. To offset that situation, the current scheme calls for Mitsubishi Bank to participate in a third-party stock offering of 199.5 billion yen, which approximates the write-off for bad loans in the second half of the year, to prevent any impairment in the capitalization of the bank.

Specific actions to be taken will involve, first, half (100 billion yen) of the increased capitalization will be added to the capital reserves, to which will be added 100 billion yen squeezed out of various reserves, bad debt reserves, and profits on securities holdings, thus creating a source of funds to use in taking 200 billion yen in write-offs. The remaining 100 billion yen of the increased capitalization will be added to the current capitalization, leading to a revised capitalization of about 128.6 billion yen, which will be preserved for use in coping with future contingencies. However, if the restructuring should progress on schedule and the bank reaches the stage where it reinstates dividends, restructuring of excess capitalization may become an issue.

Why Are "Exceptional Measures" Being Taken?

In the meanwhile, when the Mitsubishi Bank pays for the additional stock to be issued in November, its ownership of Nippon Trust Bank will reach 68.8 percent and Nippon Trust will become a subsidiary of Mitsubishi Bank under the provisions of Paragraph 2 of Section 16 of the Banking Law. Nippon Trust Bank will be the second institution to undergo rescue under "exceptional measures" as it follows the path of Cosmos Securities when it was bought out by Daiwa Bank after falling into a negative net worth position as a result of huge off-the-books transactions.

The reason why Nippon Trust's case is labeled an "exceptional measure" is that, although the Financial System Reform Law which was implemented last year provides, in principle, for entry into other phases of financial operations through newly established subsidiaries and provides for acquisition of existing financial institutions as subsidiaries, it does so, according to MOF Councilor Nagano, "only in those cases where self-restructuring is not feasible because of substantial, serious management difficulties." Accordingly, he stresses, "The issue of how to rescue existing financial institutions is handled from a different perspective from that considered under financial system reform."

Needless to say, a clear-cut definition of "exceptional measure" does not exist. The MOF explains the void by saying, "Bank failures can occur for a variety of reasons. It is difficult to make distinctions based on strict criteria, forcing dispositions on a case-by-case basis."

A variety of measures were rumored in connection with the rescue plan for Nippon Trust Bank, other than the subsidiary approach. They included: 1) The acceptance of low-interest loans and subordinated loans and the use of investment profits thereof in the write-off of bad loans; 2) merger with Mitsubishi Bank; 3) liquidation of

Nippon Trust and the transfer of its trust accounts to other trust banks and its bank deposits to Mitsubishi Bank.

If we were to examine each of these options to see why they proved impractical just for purposes of providing ourselves some mental exercise, we find: Option 1 was the approach used in the case of Dai-Ichi Kangyo Bank and Kankaku Securities, but the need to absorb 200 billion yen in write-offs would require loans in the trillions of yen, which would be impossible. Further, there was no way in which to compensate for the impairment in capitalization with the use of loans. Under Option 2, a plausible approach was rumored whereby trust operations would be limited to former Nippon Trust Bank's branches, but serious opposition from the trust bank industry was inevitable. There is also the view that Mitsubishi Bank shunned Nippon Trust Bank's labor union problems and the increased personnel costs associated with a merger.

Option 3 would have entailed technical difficulties in that many trust agreements require that changes in trustees must be approved by the grantor. And, a more important consideration was the question of whether the trust industry had the capacity to absorb trust accounts from Nippon Trust Bank. Further, since the idea had no merit for Mitsubishi Bank, it was no more than an impractical theory.

According to MOF sources, "It was in such a manner that the options were reduced in due course," and as a result ended in the selection of the best option covering the subsidiary approach.

However, although relief measures were prominently discussed in such a manner, Mitsubishi Bank has not requested the use of financial aid from the Deposit Insurance System. There are some sources such those at a leading city bank which state, "It may have been a case where Mitsubishi Bank's pride would not permit it to place itself in a position where it owned a subsidiary that was branded as a failed bank," but it could be viewed as a situation in which current assets suitable for use in offsetting write-offs did not meet the requirement for use of loans from the Deposit Insurance System. There's also mention that "The MOF, which fears the rekindling of financial instability, feels that the fact that use of Deposit Insurance System funds was avoided represented points scored by the ministry."

City Banks and Trust Banks Divided on Assertions

Even the financial industry which had a close look at the financial situation at Nippon Trust Bank and considered the subsidiary approach "inevitable," expressed displeasure at the continuation of full-line operations at Nippon Trust Bank. The scope of operations at trust banks to be established by city banks and securities firms will be limited. However, Nippon Trust Bank will be allowed to maintain all phases of its operations that it had handled prior to its becoming a subsidiary of Mitsubishi Bank. City banks consider this to be "unfair" and trust banks hold the view that, "The exception could distort the purpose of financial system reform."

However, beyond that point, the assertions of city banks and the trust industry are completely different. Specifically, city banks assert, "We would like to see an early expansion in the scope of operations for newly established trust bank subsidiaries so as to provide for equality in competitive conditions." On the other hand, trust banks assert, "Nippon Trust Banks scope of operations should be restricted." Of special note is that jointly offered services are a matter of flow in funds and "it should be possible to stop such services without inconveniencing clients."

Needless to say, the MOF, which takes the position that the subsidiary approach using the exceptional relief measure is an entirely separate issue from financial system reform," will not at this stage entertain requests to expand the operating scope of newly established subsidiaries. Further, it rejects assertions of the trust industry, saying, "It does not make sense to restrict operations of an activity when it is undergoing restructuring." In this connection, in the case of Nippon Trust Bank, the percentage of trust operations that are not approved for newly established trust bank subsidiaries, such as loan trust, in relation to overall trust assets, exceeds 60 percent.

However, the continuation of real estate brokerage operations by Nippon Trust Bank, which has come under the control of Mitsubishi Bank, could prompt objections from small and medium real estate companies which in the past have been sensitive about real estate referrals made by city banks.

Further, a so-called fire wall has been established between newly established trust bank subsidiaries and parent banks in the form of restrictions such as those on trust amounts in relation to promissory notes, restrictions on transactions concerning loans and securities trading, restrictions on the holding of dual officer positions and on the loan of personnel, and obligations to protect secrets. These regulations and the applicable spirit apply to relations between Mitsubishi Bank and Nippon Trust Bank. Mitsubishi Bank and Nippon Trust Bank are also prohibited from establishing agency contracts.

However, no clearly defined fire walls exist which apply to operations which are approved for existing trust banks. The MOF states, "We are not considering issuing a new directive, but we would expect them to observe any applicable rules."

The Nippon Trust Bank was handled under exceptional relief measures mindful of the fact that controversy would be stirred in relation to the restriction issue. Nippon Trust Bank has begun to follow a recovery path under the surveillance of parties with a variety of expectations.

MOF Official Discusses Impact

952A0146B Tokyo KINYU ZAISEI JIJO in Japanese 24 Oct 94 pp 17-19

[Interview with Atsushi Nagano, deputy director of Ministry of Finance Banking Bureau by unidentified reporter; place and date not given. "Nippon Trust Bank Was Strictly Case of 'Exceptional Measure' and Will Have No Effect on Financial System Reform"]

[FBIS Translated Text] *On 12 October, the Ministry of Finance [MOF] issued orders to Nippon Trust Bank to improve operations and concurrently issued tentative approval to Mitsubishi Bank for its relief measure to include the conversion of Nippon Trust Bank into a subsidiary. This article covers a discussion in which a government official is questioned about why Nippon Trust Bank failed and whether the subsidiary approach as an "exceptional measure" will have any effect on financial system reform.*

Dreadfulness of Excess Emphasis on Real Estate Loans

[KINYU ZAISEI JIJO] What do you consider as the cause for the failure of Nippon Trust Bank?

[Nagano] Nippon Trust Bank has ranked seventh in the trust industry for a long time and its size is markedly smaller in comparison to other trust banks. One factor that can be pointed to in its background is that between 1955 and 1965 it vacillated between specializing in trust or banking operations, fell behind historically in making progress as an institution, and still suffers from those effects.

It entered the bubble economy under such circumstances and in an attempt to make a quick recovery from its lagging position launched an expansion of its operations primarily in the real estate loan business. When it made that move, it looked like a sound business strategy, but once the bubble collapsed, it discovered that it had concentrated its loans on the sector of the economy which sustained the greatest damage from the bursting bubble.

[KINYU ZAISEI JIJO] Even if its bad loans are disposed of under pending actions, is it not a case where its management base is still vulnerable?

[Nagano] Certainly, the disposal of already sustained losses and the building of a solid base for future operations are closely related, but they are also somewhat different issues. The disposal of losses alone does not mean that the future will be entirely rosy.

We hope that Nippon Trust Bank will make one more review of why it came to such a pass as well as its management structure, extricate itself from the framework of management policies of the past, recreate itself into a bank that is capable of competing with the six higher ranking trust banks by operating on the basis of a plan which it develops as being applicable to its available resources. Nippon Trust Bank's sense of crisis and management's perception that "We cannot survive unless we create new forms of trust operations" are an absolute positive not only for the rehabilitation of the firm, but for the long-term growth of trust operations.

No Problems Existed With Earnings Reports

[KINYU ZAISEI JIJO] The decline from positive earnings reports to a negative net worth position was excessively precipitous. Were there any problems with past earnings reports and the business outlook for this year?

[Nagano] In connection with its report for the last fiscal year, Nippon Trust Bank took immediate action to write off its bad loans to the failed Sanwa Building Company and sold its Kyoto branch to offset losses. Such facts were made public and we don't see anything wrong with its earnings reports.

When you speak of the sharp decline from positive earnings to a negative net worth, we are speaking of the gruesome nature of the bursting bubble. Speaking of a potentially extreme case, if the value of land falls below the critical point of 70 percent of collateral value, we would witness the immediate creation of huge losses. Further, in the case of Nippon Trust Bank, when top management was replaced in June, they performed a complete review of assets and all problem areas are understood to have been exposed in the first half of the year.

[KINYU ZAISEI JIJO] Was there a reason for making the bold decision not to close the bank?

[Nagano] It was not a case where we had to take any bold action to opt against a decision to close. The recent plan for Nippon Trust Bank was devised after considering its historical relationships, possible relief from Mitsubishi Bank in the same financial industry group, and the restructuring of the bank. As long as there is a way of rehabilitating it into a healthy financial institution, adopting such an option is a very logical approach.

[KINYU ZAISEI JIJO] As long as we are to speak of relief, could we have opted for the use of the Deposit Insurance System in terms of financial assistance?

[Nagano] We did not think of such an approach because the parties concerned told us that they could establish an aid plan without running into a situation where they would need such relief.

If we were to use deposit insurance funds, we would have had to redo its estimate of liquidation balances, but the parties concerned completed their aid plan before we reached such a stage. As far as Mitsubishi Bank is concerned, you might say it opted for the approach which offered it the opportunity to rebuild Nippon Trust based on Mitsubishi Bank's reputation, rather than by using Deposit Insurance System funds and giving Nippon Trust customers a bad impression.

[KINYU ZAISEI JIJO] Was the disposal of 200 billion yen in bad loans a decision made solely by the parties concerned or did it involve guidance on the part of government authorities?

[Nagano] Audits are performed to identify bad assets and parties concerned supposedly have a common understanding of the size of the bad assets which need to be disposed.

[KINYU ZAISEI JIJO] Would it be correct to understand that the disposal of 200 billion yen in bad loans was an established fact and that it was the basis to decide on a third-party stock offering which reached 68.8 percent of stock outstanding?

[Nagano] Yes. You are correct. The reason we did not get into a debate on how we would cope with Paragraph 2, Section 16, of the Banking Law which prescribes a 50-percent ownership share for parent banks in subsidiaries operating in a different sector of the financial industry is that we had to give priority to the amount of funds necessary to deal with Nippon Trust Bank's bad loans to restore it to a healthy status. No consideration whatsoever was given to how much capital was needed to make it a subsidiary of Mitsubishi Bank.

Options Reduced to One Choice in Due Course

[KINYU ZAISEI JIJO] Why is it that a decision was made for Mitsubishi Bank to accept the third-party stock offering and for Nippon Trust Bank to become its subsidiary?

[Nagano] As potential ideas, we considered a variety of possibilities such as the provision of aid through low-cost loans or the provision of aid from a wide group which would contribute necessary funding.

However, in the case of Nippon Trust Bank, it was not a case where it faced operating difficulties because of a cash flow problem, but a case where restructuring would have been difficult without the injection of a large amount of capital from outside sources in order to avoid impairment to its capital structure in the process of disposing of 200 billion yen in bad loans.

I believe the parties concerned also believed that the situation had exceeded the point where Nippon Trust Bank could be saved through the use of subordinate and low-interest loans. The number of options were reduced in due course and the final decision was made. Accordingly, I feel little disagreement has been voiced within the financial industry about the relief measure taken with respect to Nippon Trust Bank.

[KINYU ZAISEI JIJO] Were there any inquiries about possible mergers?

[Nagano] Neither side to the solution placed any such inquiries. Besides, mergers are not as easy as one might think.

Scope of Operations Will Not Be Restricted

[KINYU ZAISEI JIJO] We understand that Nippon Trust Bank will engage in full-line operation as a trust bank, but what are your thoughts about the resultant disparity in operations with other newly established trust bank subsidiaries?

[Nagano] This particular case, which was approved as an unavoidable measure to save an existing trust bank, and the operations of a newly established trust bank subsidiary in accordance with the objectives of financial system reform are two entirely separate matters and we are not about to address the issue of disparities in the scope of operations between the two. The current "exceptional measure" case will in no way accelerate or decelerate financial system reform, including questions on the scope of operations of newly established subsidiaries.

[KINYU ZAISEI JIJO] Does that mean that if an existing financial institution should fail and become a subsidiary that it will be allowed to continue operating on a full-line basis?

[Nagano] I do not think it would be appropriate to restrict the scope of operations of a failed financial institution that is being restructured. However, as I stated early in this interview, Nippon Trust Bank had fallen behind in its performance compared to other trust banks, which means that Mitsubishi Bank and Nippon Trust Bank need to give serious thought to the advisability of continuing past operating strategies.

[KINYU ZAISEI JIJO] Would it be correct to assume that the fire wall imposed between newly established subsidiaries and parent firms will also apply between Mitsubishi Bank and Nippon Trust Bank?

[Nagano] Yes. As long as parent financial institutions and subsidiaries operate as separate corporations, no distinctions will be made in the spirit of abuse prevention whether the subsidiaries engage in different types of businesses or whether they are in the process of restructuring.

North Korea

Body of U.S. Pilot Transferred to U.S. Army

SK2212231294 Pyongyang KCNA in English 2225 GMT 22 Dec 94

[FBIS Transcribed Text] Panmunjom, December 22 (KCNA)—The body of a U.S. helicopter pilot who was killed after illegally intruding into the airspace of the DPRK on December 17 was transferred to the U.S. Army side here today on the humanitarian measure of the government of the Democratic People's Republic of Korea.

U.S. Congressman Bill Richardson and his party who had been visiting the DPRK were present in the North side's portion of Panmunjom.

The transfer was covered by reporters of the North and South of Korea and foreign reporters.

At ten A.M. Colonel Yu Yong-chol, chief liaison officer of the Panmunjom mission of the Korean People's Army, met with U.S. Army Colonel Mark R. Shoemaker who came to receive the corpse, on the Military Demarcation Line at Panmunjom.

Then, U.S. Army personnel crossed over to the North side's portion and confirmed the body of Chief Warrant Officer David Hilemon and his belongings before taking over them.

The U.S. side expressed thanks to the DPRK Government for the humanitarian measure of transferring the body of the pilot.

Earlier, views were exchanged several times between visiting U.S. Congressman Bill Richardson and a competent official of the DPRK on the transfer of the body of the U.S. pilot.

On Wednesday evening, a lieutenant general-level contact was held at Panmunjom between Yi Chan-pok, chief of the Panmunjom mission of the Korean People's Army, and Ray Smith, deputy chief of staff of the U.S. Forces Command in South Korea, on the U.S. helicopter problem at the request of the U.S. side.

Richardson Seen Off by Song Ho-kyong

SK2212143794 Pyongyang Korean Central Broadcasting Network in Korean 1310 GMT 22 Dec 94

[FBIS Translated Text] U.S. Representative Bill Richardson and his entourage left on 22 December. They were seen off by Song Ho-kyong, advisor to the Foreign Affairs Committee of the Supreme People's Assembly, and pertinent functionaries.

KCNA Reports on ROK Military Activity

SK2312043094 Pyongyang KCNA in English 0420 GMT 23 DeC 94

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—The South Korean puppets brought more than 1,200 armed bandits into the demilitarized zone in the eastern and western sectors of the front on December 20 and 21 and let them incite a war atmosphere with machine guns and automatic rifles, according to military sources.

This was a deliberate provocation of the Kim Yong-sam fascist clique to aggravate the situation in the demilitarized zone.

KCNA: ROK Demands Probe of 12 Dec Incident

SK2312001694 Pyongyang KCNA in English 2131 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—South Korean people are these days strongly demanding a probe into the truth behind the "December 12 incident", a bloody military rebellion in 1979, and punishment of Chon Tu-hwan, No Tae-u and other chief culprits of the rebellion.

Commenting on this, a NODONG SINMUN analyst today says: This is indispensable for achieving the progress and true democratic development of the South Korean society and for settling their pent-up grudges.

It is an unpardonable heinous crime for the traitor Kim Yong-sam to put down the just demand of the people at the point of the bayonet while trying to disguise as a "contribution" the hideous crime in the "December 12 incident" which strangled democracy and led to the preservation of the brutal colonial military fascist system. The Kim Yong-sam "regime" is defending the chief culprits of the rebellion because it was born of the military dictatorship, relies upon the military fascist dictatorial machines of the "Fifth and Sixth Republics" and is backed by the ultra-right forces.

The Kim Yong-sam group suspended the prosecution against the chief culprits of the "December 12 incident" including Chon Tu-hwan and No Tae-u for the reason that, in case of their punishment, their underlings would rise in revolt and this would shake the present "regime" to its very foundation.

If the Kim Yong-sam group continue to defend the military fascist elements in defiance of the demands of people, it will make it clearer that the present "regime" is not a "civilian" regime but an extension of the "Fifth and Sixth Republics". And this will precipitate the isolation and end of the present ruling group.

Papers on South's Arrest for Condolences

SK2312045394 Pyongyang KCNA in English 0436 GMT 23 DeC 94

["Anti-Ethic Fascist Act"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—The South Korean puppets arrested Choe Yong-sin, director of the Propaganda Department of the South Cholla Provincial Federation for Democracy and National Reunification, because he wrote and distributed a statement of condolences on the death of the great leader of the nation. In this regard papers here today say this is another intolerable crime which is the extension of the anti-ethic, anti-national fascist suppression launched by the Kim Yong-sam group after the death of the great leader President Kim Il-song.

A NODONG SINMUN analyst says:

The harsh persecution of those who expressed condolences on the death of the nation's father is a rash act which can be perpetrated only by such traitors as the traitor Kim Yong-sam, who is ignorant of politics, ethics and morality and clean indifferent to the reconciliation and unity of the nation and the reunification of the country.

In view of the anti-ethic, anti-national crimes which have been committed by the Kim Yong-sam group and the suppression of the pro-reunification patriotic and democratic forces in South Korea, it should be said that they are not fellows with whom our nation can deal but the target of overthrow. With the group of traitors left alone, the unity of the nation and the reunification of the country can never be expected.

A MINJU CHOSON analyst says that since the "civilian" fascist dictators committed indelible crimes against the nation, they can not flee from the stern punishment by the nation.

Meeting Urges Abolition of ROK Security Law

SK2212225394 Pyongyang KCNA in English 2235 GMT 22 Dec 94

["KCNA Information"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)— A consultative meeting of the representatives of the government, political parties and organizations of the Democratic People's Republic of Korea was held here Wednesday.

The meeting discussed immediate measures to improve the North-South relations and open a decisive phase for national reunification on the threshold of 1995 which the entire fellow countrymen declared the year of reunification.

The participants of the meeting unanimously regarded the "National Security Law" [NSL] of South Korea as one of the obstacles to the improvement of North-South relations and the independent and peaceful reunification of the country.

The "National Security Law" is an anti-ethical, anti-democratic, anti-reunification and anti-historical fascist law without an equal in the world history of legislation.

The fact that the South Korean authorities still maintain the "National Security Law" which defines the DPRK, a sovereign state, dignified, authoritative and independent, as "an anti-state organization" clearly shows their anti-national, anti-reunification nature. And this reveals that they do not want dialogue and detente.

The participants decided to form "the committee of measures for the abolition of 'the National Security Law' of South Korea" as an organization to intensify the struggle for the abolition of the "NSL", considering that as long as it remains in force genuine cooperation and exchange between the North and the South are impossible, let alone national reconciliation and unity and the country's reunification.

They agreed that the committee should investigate all the anti-national, anti-reunification crimes and human rights abuses committed under the "NSL" in South Korea and report them to the democratic organizations, human rights bodies and organizastions of the world and the unbiased public, thus vigorously organizing and waging the struggle for the abolition of the "NSL" on a nationwide and global scale.

At the meeting the committee was formed with Chang Chol, vice-premier of the Administration Council, as its chairman.

The participants expressed the strong will to have the "NSL" scrapped at an early date, achieve reconciliation, unity, cooperation and exchange between the North and the South and open a new phase of national reunification in the year 1995 in which falls the 50th anniversary of the liberation of the country. They also expressed the hope that the political parties, social organizations and people of all social strata of South Korea and governments, political parties and social organizations of many countries which value justice and truth and defend human rights and international organizations will invigorate the struggle for the abolition of the "NSL."

Radio on Security Law

SK2212132094 Pyongyang Korean Central Broadcasting Network in Korean 1103 GMT 22 Dec 94

[FBIS Translated Text] This information [podo] by the Korean Central News Agency.

A consultative council meeting of representatives from the government, political parties, and organizations of the DPRK was held in Pyongyang on 21 December. Participating in the consultative council meeting were representatives from the government, political parties, and organizations of the DPRK.

Today, when all countrymen see 1995 coming around the corner—the year which they have proclaimed as the first year of reunification—the consultative council meeting discussed pressing measures to improve North-South relations and to open a decisive phase of the fatherland's reunification.

The consultative council meeting unanimously recognized [injong] that one of the obstacles to the improvement of North-South relations and to the fatherland's independent and peaceful reunification is the National Security Law [NSL] of South Korea.

The NSL is an unprecedentedly fascist, evil law in the history of the world's legal systems, a law which runs counter to ethics, democracy, reunification, and history.

In South Korea, there are endless arrests conducted without warrants, and there are acts of lethal torture against those who advocate independence and democracy as a result of the NSL, which negates human rights, antagonizes compatriots, obstructs reunification, and runs counter to the current of the times. A sense of confrontation against compatriots is being encouraged, and the freedom to discuss reunification and to study advanced ideology is being mercilessly obliterated.

The South Korean authorities still stick to the NSL which defines our republic, a dignified and prestigious sovereign state, as an anti-state organization. This fully shows their anti-national, anti-reunification-oriented nature, and also discloses their inner thought of wishing neither dialogue nor a reduction in tension.

Today it is by no chance that governments, political parties, and organizations in various countries of the world—as well as various South Korean political parties, factions, and figures from various walks of life which long for national unity and the fatherland's reunification—strongly demand the abolition of the NSL.

The consultative council meeting recognized [injong] that as long as the NSL is exists in South Korea, genuine cooperation and exchange cannot be achieved between the North and South, let alone national reconciliation and unity and the fatherland's reunification. In this regard, as an organized measure to stage a stronger struggle to achieve the abolition of the NSL, the council meeting decided to organize a countermeasure committee [taechaek wiwonhoe] to realize the abolition of South Korea's NSL.

The consultative council meeting decided that the countermeasure committee to achieve the abolition South Korea's NSL would investigate all kinds of anti-national, anti-reunification-oriented crimes and acts of infringement upon human rights, which are being committed under the NSL in South Korea. It would bring accusations to democratic and human rights organizations and other world agencies, as well as to the fair public opinion of the world, thereby deciding to vigorously organize and carry out the struggle to achieve the abolition of the NSL on a pan-national, world-wide scale.

The consultative council meeting formed the countermeasure committee to achieve the abolition of South Korea's NSL as follows:

Chairman: Chang Chol, vice premier of the State Administration Council.

Vice Chairmen: Chong Sin-hyok, vice chairman of the Committee for the Peaceful Reunification of Fatherland, and Yom Tae-chun, member of the Presidium of the Central Committee of the Democratic Front for the Reunification of the Fatherland.

Members: Kim Yong-ho, vice chairman of the Central Committee of the Korean Social Democratic Party; Han Yong-su, vice chairman of the Central Committee of the Chondoist Chongu Party; Yi Song-ho, vice chairman of the Korean Committee for Cultural Relations With Foreign Countries; Yi Chin-su, vice chairman of the Central Committee of the General Federation of Trade Unions of Korea; Yi So- yong, vice chairman of the Central Committee of the Union of Agricultural Working People of Korea; Yi Chan, vice chairman of the Central Committee of the League of Socialist Working Youth of Korea; Chang Chae-chol, chairman of the Korean Religionists Council; and (Chong Chun-kyong), secretary of the Korean Democratic Lawyers Association.

The participants in the consultative council meeting expressed the expectation that governments, political parties, and social organizations in various countries of the world; international organizations which value justice and truth as well as protect human rights; and various political parties, social organizations, and people from various walks of life in South Korea will more vigorously struggle to demand the abolition of the NSL. The participants expressed their firm will to achieve an early abolition of the NSL; to materialize the reconciliation, unity, cooperation, and exchange between the North and South with 1995—the year we mark the 50th anniversary of the fatherland's liberation—as momentum; and to open a new phase in the fatherland's reunification.

Committee Urges Repatriation of Prisoners

SK2312001494 Pyongyang KCNA in English 2140 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—Hiroshi Wakabayashi, vice-chairman of the international liaison committee for reunification and peace in Korea, issued a statement to the press in demand of the repatriation of Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea, according to the December 13th issue of CHOSON SINBO.

He said it is heart-breaking to think about the feelings of the long-term prisoners who had suffered from imprisonment and their families.

He went on:

Only the South Korean authorities and the Japanese Government are still maintaining their hostile policy toward the Democratic People's Republic of Korea when the DPRK-U.S. relations are going toward the road of normalization and the world structure of the cold war is being demolished. Japan must rectify its hostile policy toward the DPRK on the lapse of 50 years next year since its defeat.

He expressed the determination to deal with the question of the repatriation of the long-term prisoners as part of the nation-wide movement for Korea's reunification to extend fervent encouragement and solidarity to it and expand it into the international movement.

South Korean Fleet Anchors in Japan

SK2212105694 Pyongyang KCNA in English 1024 GMT 22 Dec 94

[FBIS Transcribed Text] Tokyo, December 20 [date as received] (KNS-KCNA)—Kim Tae-hui, director of the

International Department of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), published a statement on December 20 denouncing the anchoring of a fleet of the South Korean puppet navy at Tokyo port.

Noting that the fleet of the South Korean puppet navy entered Tokyo port for a stay from December 20 to 23 and a fleet of the "Self-Defence Forces" of Japan is expected to visit South Korea, the statement says: "Such 'exchange' is not merely a 'friendly exchange', but a move intended to tighten the South Korea-Japan military tieup and round off the U.S.-Japan-South Korea military system against our republic."

"By forcing what the successive military fascist

regimes' had not dared to do, the Kim Yong-sam 'regime' revealed its anti- national color," the statement says, and warns:

"The military tieup between South Korea and Japan is an undisguised manifestation of the hostile policy against the Democratic People's Republic of Korea and it will be a main obstacle to the future development of the relations between the DPRK and Japan."

Hwang Chang-yop Meets With PRC Delegation

SK2312001194 Pyongyang KCNA in English 2228 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—Hwang Chang-yop, secretary of the Central Committee of the Workers' Party of Korea, today met and had a friendly conversation with the cadres delegation of the Communist Party of China headed by Kang Yi, deputy secretary of the Ningxia Hui Autonomous Regional Committee of the Communist Party of China, on a visit to Korea.

On the occasion, the head of the delegation said it was deeply moved to see the Korean people dynamically stepping up socialist construction, changing the sorrow at the loss of President Kim Il-song into strength and courage.

He said he was pleased with the fact that the entire Korean people are striving for socialist construction and the independent and peaceful reunification of the country, rallied closer around dear Comrade Kim Chong-il.

He stressed that the Sino-Korean friendship will be everlasting.

Russian Sale of Carriers to ROK Denounced

SK2312120594 Pyongyang KCNA in English 1052 GMT 23 Dec 94

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—Russia recently signed a contract with South Korea for the sale of the Minsk and the Novorosisk, capital aircraft carriers of the Pacific Fleet, foreign news reports said.

This is an act going against the trend of the situation on the Korean peninsula toward detente and reunification in the wake of the publication of the framework agreement between the DPRK and the United States and the follow-up measures.

This cannot be construed otherwise than an unreasonable act which leads to the deterioration of the inter-Korean relations and adversely affects the DPRK-Russian relations that are heading for improvement after a series of contacts.

We cannot but watch with serious misgivings Russia providing South Korea with military hardware to be used against the DPRK and aggravating the military situation on the Korean peninsula while proposing to improve the bilateral relations with the DPRK.

It is as clear as noonday that the aircraft carriers to be sold off to South Korea by Russia will be used as means of war against the North by the puppets to overpower the North militarily. In this sense, Russia's sale of carriers to South Korea is a grave military threat to the DPRK.

Russians describe the carriers in question as "useless scrap iron." But this is an attempt to mislead public opinion. They are capital carriers which "have served for no more than a half of their span of life." They will be drawn into the combat force in the future and, accordingly, we cannot remain an onlooker to the dealing. Not only we but all the other countries concerned for detente on the Korean peninsula must pay a due attention to this. Because the carrier sale may lay obstacles to a smooth implementation of the DPRK-USA framework agreement and drive the situation on the Korean peninsula back to a crisis.

Therefore, the countries concerned must check the reckless dealing between Russia and South Korea for the sake of peace and stability on the Korean peninsula.

The Kim Yong-sam group has in the past largely reinforced the armed forces by introducing enormous quantities of mass-destruction weapons from foreign countries. As if it were not enough, it is stretching its hands to Russia for the purchase of the aircraft carriers, fully revealing its criminal nature as a war-maniac.

This bellicose act of the puppets shows that the "dialogue" and "economic cooperation" cried for by them are an empty talk and that those who really oppose North-South dialogue are the South Korean rulers.

They must immediately stop their untimely acts of aggravating the situation and deliberately marring the atmosphere of North-South dialogue while revealing their bellicose nature.

Russia must mind the consequences of its sale of such large military hardware as carriers and act properly as a country concerned with the Korean issue.

Kim Yong-nam, Cambodian Minister Exchange Greetings

SK2312111894 Pyongyang KCNA in English 1105 GMT 23 Dec 94

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—Foreign Minister of the DPRK Kim Yong-nam and Minister of Foreign Affairs and International Cooperation of the Royal Government of Cambodia Ung Huot exchanged messages of greetings on the 30th anniversary of the opening of diplomatic relations between the two countries.

Kim Yong-nam in the message said the friendship between Korea and Cambodia is noble friendship personally established and nursed by the great leader President Kim Il-song and respected King Norodom Sihanouk.

He expressed the belief that the traditional bonds of friendship, cooperation and solidarity between the two countries would grow stronger.

Ung Huot in his message expressed deep satisfaction over the fact that the long-standing excellent relations of friendship, cooperation and solidarity between the two countries and the two peoples have steadily strengthened and developed under the wise leadership of his majesty King Norodom Sihanouk and his excellency Generalissimo Kim Il-song, the great leader of the Democratic People's Republic of Korea, and his excellency Marshal Kim Chong-il.

He declared that the Cambodian people and the royal government has stood and will stand on the side of the Democratic People's Republic of Korea in the struggle for the reunification of the country and a durable peace and stability in the region of the Korean peninsula.

Peruvian Military Attache Visits Statue

SK2212054694 Pyongyang KCNA in English 0417 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—Bernard Cristian Braun Luy, military attache of the Peruvian Embassy in Pyongyang, Wednesday called at the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and honored his memory.

He laid a bunch of flowers before the statue of the great leader and observed a moment's silence in his memory.

He said His Excellency President Kim Il-song was a great leader of the people, and expressed most deep condolences and bitter sorrow at his death.

WPK Sends Greetings to Tunisian Congress

SK2212110194 Pyongyang KCNA in English 1031 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] today sent a message of greetings to the 4th National Congress of the People's Unity Party of Tunisia.

The message expressed the belief that the congress will mark a major milestone in the efforts of the party to strengthen and develop itself and build a progressive and democratic new society and that the excellent friendly and cooperative relations between the two parties will grow in strength and develop in the future in accordance with the idea of independence, peace and friendship.

Embassy Notes Vietnam Army Anniversary

SK2312044294 Pyongyang KCNA in English 0432 GMT 23 Dec 94

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—Vietnamese Ambassador to Korea Duong Chinh Thuc and military attache Tran Thuc gave a reception at the embassy on Thursday on the 50th founding anniversary of the People's Army of Vietnam.

Addressing the reception, Tran Thuc noted that the Korean People's Army, together with its people, is winning brilliant achievements in fulfilling the behests of President Kim Il-song and accomplishing the cause of national defence and reunification under the leadership of Marshal Kim Chong-il, its great leader and supreme commander.

"The Vietnamese people and Armed Forces always treasure their militant friendship and solidarity with the Korean people and People's Army and they will further strengthen and develop it," he declared.

Choe Kwang, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and chief of the General Staff of the Korean People's Army, said in his speech that the People's Army of Vietnam in the past period won brilliant victories in the struggle to liberate the country, defend the country from the aggression of the imperialists and maintain the revolutionary gains, covering a proud course of battles under the leadership of president Ho Chi Minh and the party.

"We sincerely rejoice as over our own over the achievements of the People's Army of Vietnam in the efforts to fulfil the tasks for the regularization, revolutionization and modernization of the Army put forward by the Communist Party of Vietnam," he stated.

He wholeheartedly wished the Vietnamese people and Army greater achievements in their future efforts to build socialist Vietnam.

"We will struggle side by side with the fraternal Vietnamese people and Army in the struggle for the victory of the cause of socialism, true to the noble intention of the great leader Comrade Kim Il-song," he declared.

Foreign Party Leaders Praise Kim Chong-il

SK2312001394 Pyongyang KCNA in English 2158 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—Foreign party leaders spoke highly of the famous work of the dear leader Comrade Kim Chong-il "Socialism Is a Science" when they recently met with the Korean ambassadors to their countries.

Otete Gaston Mboyo, national chairman of the National Movement of the Genuine Lumumbist Combatants of Zaire, said "Socialism Is a Science", a famous work published by the dear leader Comrade Kim Chong-il recently, gives a historic review of the ideas and theories of socialism and, on this basis, expounds in a scientific way that genuine socialism that should be followed by the revolutionary people of our era is anthropocentric socialism, chuche-based socialism.

Werner Schulwese, chairman of the Communist Party of Germany, said he read "Socialism Is a Science", a recently published work of dear Comrade Kim Chong-il, again and again. "I will make a more profound study of the work and strive to apply it to practical activities," he said.

"The revolutionary principle and philosophical originality specified in the work lights our road," he added.

Milud Al Mahdabi, general secretary of the permanent Secretariat of the Organisation of Socialists in the Mediterranean, had this to say:

"As his excellency dear Kim Chong-il stated justly, the frustration of socialism in some countries is a temporary phenomenon in the course of accomplishing the cause of socialism and the utterances of the imperialists and renegades about the 'end of socialism' are a sophism.

"Korea today is a fortress of socialism."

Foreign Papers Carry Kim Chong-il's Work

SK2312042194 Pyongyang KCNA in English 0411 GMT 23 DeC 94

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—"Socialism Is a Science," a famous work of the dear leader Comrade Kim Chong-il, was carried by the British paper "THE NEW WORKER", the Indian paper "NEW AGE" and the Maltese paper "L'ORIZZONT".

A Cuban radio broadcast the full text of this work in 5 installments from December 12 to 16.

Carrying the work, "THE NEW WORKER" December 9 said in the preface that "Socialism Is a Science", a treatise written by Comrade Kim Chong-il, the successor of President Kim Il-song and the leader of Korea, is a declaration of truth by the communists against the anti-socialist offensive of the imperialists which is being daily intensified. It said that the international communist movement, the socialist forces of the world and the national liberation movement will grow stronger in the course of studying and carrying into practice this treatise which unfolds a world of deep thinking, study and discussion.

Foreigners Praise Kim Chong-suk as Fighter

SK2312014594 Pyongyang KCNA in English 2211 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—Foreign figures highly praise the exploits of Comrade Kim Chong-suk, an indomitable communist revolutionary fighter.

Anna M. Abdallah, minister of state of the Tanzanian prime minister's office, at a round-table conversation on December 12 said Comrade Kim Chong-suk is a pride of the Korean people and a great paragon for the world revolutionary women.

"I have heard stories about many women revolutionaries of the world who fought for the independence of their countries, freedom and right to existence, but have not heard about such a woman fighter who fought the enemy in indomitable revolutionary spirit as Comrade Kim Chong-suk," she said.

Brinda Karat, general secretary of the All-India Democratic Women's Association, told the KCNA correspondent on December 12 that she who grew up through all hardships, bereaved of her parents and brothers at her young age, participated in the anti-Japanese revolutionary struggle organised and guided by the great leader Comrade Kim Il-song, a legendary hero, and fought a heroic struggle.

"She devoted her all to defence of the command of the Korean revolution," Brinda Karat stressed.

Member of parliament of Zimbabwe I. Muhabe said on December 6 that Comrade Kim Chong-suk was the most ardent woman revolutionary and heroine who had unbounded love for the country, bitter hatred for the enemy, and comradeship and human love, indomitable will and inexhaustible energy, unshakable revolutionary principle and magnanimity and modest and simple character.

"Though the life of Comrade Kim Chong-suk was not long, her noble image and immortal exploits would always be cherished in the hearts of us all," Muhabe added.

Reportage on Kim Chong-il Election Anniversary

Third Anniversary on 24 Dec

SK2312043194 Pyongyang KCNA in English 0418 GMT 23 Dec 94

["Korea Under Great Brilliant Commander"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—The third anniversary of the election of the dear leader Comrade Kim Chong-il as the supreme commander of the Korean People's Army [KPA] falls on December 24 this year.

On this significant day, the entire Korean people and People's Army officers and men are renewing their determination to accomplish the cause of socialism under the guidance of General Kim Chong-il, the great iron-willed, brilliant commander.

General Kim Chong-il is a great military genius endowed with the wisdom and personality of a brilliant commander.

He has increased the might of the People's Army into invincible one, fully possessed of the quality and personality of an iron-willed, brilliant commander and ever-victorious military strategist and of extraordinary military intelligence, matchless grit and outstanding commanding art.

He authored such famous works as "The People's Army Must Defend Its Leader and Party and Its System and Motherland With its Life" (April 25, 1984) and "Let Us Further Strengthen the People's Army Into Invincible Ranks" (April 13, 1985) giving an overall exposition of the chuche-based idea and theory of Army building.

While giving on-the-spot guidance to many units of the People's Army, he taught soldiers military tactics of chuche and nursed a-match-for-a hundred resource and courage.

He visited KPA Unit 109 in August 1960 and indicated concrete tasks and ways to fully carry on the military duty of soldiers, saying that their duty is to resolutely defend and safeguard the party and the leader, the motherland and the people.

He visited KPA Unit 499 in April 1991 and acquainted himself with the military training of the unit. Seeing round its combat and technical equipment, he indicated a programmatic guideline for further strengthening the People's Army into a matchless, powerful Army.

Today the Korean People's Army has developed into invincible revolutionary Armed Forces with modern means of attack and defence under the wise guidance of the supreme commander.

The entire people are armed and the whole country is fortified to make the socialist cause of Korea invincible.

The dear leader is a great brilliant commander with an iron will unshaken by any storm. Each time a grave situation like one on the eve of a war was created on the Korean peninsula by the new war provocation manoeuvres of bellicose elements, he gave a bitter defeat to the enemy with his resolute and stern offensive spirit without a moment's hesitation and vacillation. The Korean people's cause of socialism is invincible as it is led by the great brilliant leader.

Anniversary of KPA Post Viewed

OW2312113294 Pyongyang KCNA in English 1044 GMT 23 Dec 94

["National Meeting on Third Anniversary of Election of Comrade Kim Chong-il as KPA Supreme Commander"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 23 (KCNA)—A national meeting was held at the February 8 House of Culture today upon the lapse of three years since Comrade Kim Chong-il, the great leader of our party and people, was elected supreme commander of the Korean People's Army [KPA].

The Dear Leader Comrade Kim Chong-il was elected supreme commander of the Korean People's Army by the unanimous will of the whole party, all the people and the entire army at the 19th plenary meeting of the Sixth Central Committee [CC] of the Workers' Party of Korea [WPK] which was held on December 24, 1991, in the presence of the Great Leader President Kim Il-song.

The national meeting was attended by Premier Kang Song-san and Vice-Presidents Yi Chong-ok and Pak Song-chol who are members of the Political Bureau of the C.C., the WPK, and other senior party and government officials and working people in the city.

Also present were members of delegations and home-visiting groups of the General Association of Korean Residents in Japan (Chongnyon) staying in the socialist homeland.

In his report Choe Kwang, member of the Political Bureau of the C.C., the WPK, vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea and chief of the General Staff of the KPA, said having Comrade Kim Chong-il at the top of our revolutionary armed forces was a great national event which provided a guarantee of invincibility in strengthening and developing the KPA to be the army of the leader, the party and the people for ever.

Respected supreme commander Comrade Kim Chong-il is a military genius who has wisely guided the whole army with perfect grasps on the chuche-based military idea from the days when he began leading the party and the revolution, and a great military strategist and a brilliant commander from heaven who has successfully resolved all the problems arising in army building in our age, he said.

The reporter quoted the Great Leader Comrade Kim Il-song as saying: "It [words indistinct] attributable to the correct leadership of Comrade Kim Chong-il that the People's Army has strengthened and developed to be each-a-match-for-a-hundred revolutionary armed forces fully prepared politically and ideologically and in military technique today so that it can fully discharge its honorable mission as the defender of the party and the revolution, the country and the people."

Under the leadership of Comrade Kim Chong-il, its supreme commander our People's Army has strengthened and developed to be the mightiest revolutionary army capable of firmly defending the party and the socialist homeland with rifles under any complicated situation, the reporter said, and continued:

In the whole course of leading the cause of chuche-oriented army building, Comrade Kim Chong-il devoted his biggest efforts to increasing in every way the political and ideological might of our People's Army with loyalty to the party and the leader as its life and soul. Through the modelling of the whole army on the chuche idea, political and ideological education has been intensified as never before in the Army, the backbone of our revolutionary armed forces has been built with vanguards unfailingly loyal to the party and the leader and the tradition of loyalty which has been inherited through generations is now being fully displayed in the whole Army.

The chuche-based commanding system under which all the soldiers move as one under the monolithic leadership of Comrade Kim Chong-il has been thoroughly established in the People's Army. All the officers and men of the People's Army are resolved to defend their party and leader, their country and socialist system, themselves being rifles and bombs.

While rearing our People's Army to be each-a-match-for-a-hundred army fully prepared not only politically and ideologically but in military technique, Comrade Kim Chong-il has firmly established an all-people, all-state defence system in the whole country and built a more powerful self-reliant defence industry.

Triumphantly leading our revolutionary armed forces, he has defined it as an important work for promoting army building and the socialist cause to bring the traits of army-people unity into full play, and made the whole country replete with the habit of attaching importance to the military affairs and actively aiding the People's Army.

Pointing out that today our people and People's Army officers and men are faced with the task to reinforce the country's defences like an iron wall and bring to completion the revolutionary cause of chuche which was started and guided by Comrade Kim Il-song, the reporter called on the whole party, Army and people to remain unfailingly loyal to the leadership of Comrade Kim Chong-il.

Noting that defence of the socialist homeland is an all-people undertaking, the reporter said:

Now the enemy is keeping the situation of the country strained, while staging reckless military exercises one after another against us.

We must keep a close watch on the enemy's aggressive and belligerent moves, maintain heightened vigilance and keep ourselves in full combat readiness so that we may counter any contingency.

All the party members and working people must take an active part in both national defence and socialist construction with a rifle in one hand and a hammer or a sickle in the other. If the enemy dare provoke a war, they must knock down the aggressors at one blow, with the Army and the people united as one, and defend the socialist homeland like an impregnable fortress.

National reunification is the unanimous desire of all the fellow countrymen and the supreme task of the nation which brooks no further delay. All the people and People's Army officers and men, convinced that the reunification in the '90s is certain under the guidance of the respected supreme commander Comrade Kim Chong-il, the lodestar of national reunification, must struggle more staunchly to promote the country's reunification, decisively smashing the moves of the anti-reunification forces.

Choe Kwang Speak at Ceremony

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[Speech by Choe Kwang, member of the Political Bureau of the Central Committee of the Workers Party of Korea, vice-chairman of the DPRK National Defense Commission, and chief of the General Staff of the Korean People's Army, KPA, at a report meeting held at the 8 February Hall of Culture to mark the third anniversary of the election of Kim Chong-il as KPA supreme commander—live]

[FBIS Translated Text] Comrades: We significantly mark the third anniversary of the election of the dear leader Comrade Kim Chong-il as KPA supreme commander today, at a time when all people throughout the country and all officers and men of the KPA are vigorously struggling for a new victory under the party's leadership, upholding the great leader Comrade Kim Il-song's lifetime teachings.

Greeting this day. Our people and officers and men of our People's Army again recall with deep emotion, the fact that they were filled with emotion and infinite joy at upholding the great leader Comrade Kim Il-song in electing the dear leader Comrade Kim Chong-il as KPA supreme commander with the unanimous will and desire of the entire party, all the people, and the entire army at the 19th plenary session of the Sixth Central Committee of the Workers Party of Korea [WPK] three years ago.

Recalling with dignity the glorious road of victory that our revolutionary armed forces have traversed, the great leader Comrade Kim Il-song gave an impressive teaching at this historic plenary session, on the profound significance that the election of the dear leader Comrade Kim Chong-il as KPA supreme commander has in achieving victory in the socialist cause and in inheriting and consummating it.

Today, cherishing their ever-increasing longing for and infinite reverence for the respected and beloved leader after having suddenly lost the great leader Comrade Kim Il-song, all the people and officers and men of the People's Army, have come to more deeply realize that the election of the dear leader Comrade Kim Chong-il as

KPA supreme commander while the fatherly leader was alive was a great fortune for the bright future of our revolution and nation.

Indeed, the election of the dear leader Comrade Kim Chong-il as the supreme head of our revolutionary armed forces was a great and happy national event which provided a firm guarantee not only for brilliantly inheriting and consummating, from one generation to the next, the chuche-oriented army-building cause pioneered by the great leader Comrade Kim Il-song in the forests of Paektu and victoriously led by him for some 60 years, but also a firm guarantee for the strengthening and development of the KPA into the Army of the leader [suryong] Army, the party, and the people. [applause]

As proven in the history of army building, a leader [yongdoja] plays a decisive role in building the revolutionary armed forces. Only the revolutionary army that upholds at its head the great commander—who is possessed with outstanding military wisdom, peerless courage, an iron-like will, and the extraordinary art of commanding the army—can brilliantly succeed in the glorious tradition and be victorious in any fight with the imperialist aggressors.

From the first period of leading the party and the revolution, the respected and beloved supreme commander Comrade Kim Chong-il completely embodied the chuche-oriented military ideology. He is a military genius who wisely led the entire army, and a great military strategist and great commander who brilliantly solves all problems arising in army building in our era. [applause]

Highly upholding the respected and beloved supreme commander Comrade Kim Chong-il at the head of the revolutionary armed forces is an expression of absolute faith of all our people as well as officers and men of the People's Army, and a manifestation of the rock-firm will of our people and the People's Army to advocate, adhere to, and complete to the end the chuche socialist cause under the party's leadership. [applause]

By upholding the respected and beloved supreme commander Comrade Kim Chong-il at the head of the revolutionary armed forces, a brighter prospect has unfolded in the future road of our People's Army, which is advancing under the slogan "Modeling the entire army after the chuche idea." It became possible to firmly defend the country's independence and the gains of the revolution under whatever circumstances.

The great leader Comrade Kim Il-song has taught: The People's Army has been strengthened and developed into a one-is-a-match-for-100 revolutionary armed forces; has been firmly prepared politically and ideologically as well as militarily and technically; and is fulfilling its honorary mission as the defender of the party, the revolution, the fatherland, and the people. This is entirely a fruition of Comrade Kim Chong-il's correct leadership. [applause]

The period in which we have vigorously advanced according to the leadership of Comrade Kim Chong-il, the supreme commander of our revolutionary armed forces, is a glorious era in which the most brilliant chapter has unfolded in the history of building a chuche-oriented army.

Over the past several years, the internal and external environment of our revolution has been severe. Due to maneuvers to crush the republic, as well as reckless war commotions by the imperialists and reactionaries, the danger of war did not disappear in our country at all, and a dangerous touch-and-go situation has been created [chegukchuuijadulgwa pandongdurui pangonghwaguk apsal chaektonggwa mumohan chonjaeng sodonguro inhayo urinaraenun hangsijoguro chonjaengui wihomi kasyojiji anassumyo ilchokchukparui wihomhan chonghwangdo chosong toeossumnida]. Nevertheless, ever since the respected and beloved supreme commander Comrade Kim Chong-il has led our revolutionary armed forces, we have repeatedly achieved victory in the military and political confrontation with the enemies where there were no sounds of gun fire, and it was possible to gloriously maintain the country's independence and the nation's dignity.

The supreme comrade commander's leadership—which is possessed with an iron-like faith and will that does not waver in thunder and lightening, and an outstanding military wisdom and extraordinary art for commanding the army—is a source of ever-victorious might that makes it possible to adhere to and elucidate the ever-so-strong socialism of our own style.

Whenever they recall the course of the past rigorous and arduous struggle as well as today's great reality, the officers and men of our People's Army and the people more keenly realize how great a commander they are upholding at the vanguard of the revolutionary armed forces.

Under the leadership of the supreme commander Comrade Kim Chong-il, our People's Army has today strengthened and developed into a most powerful revolutionary army, which can strongly defend the party and the socialist fatherland with guns [chongdaero] under any complicated situation.

In leading our People's Army, Comrade Kim Chong-il, the respected and beloved supreme commander, made the entire army into a combatant rank of loyalty, devotion, and single-mindedness; he has led our army to display its political and ideological superiority to the utmost.

The might of the revolutionary army is immediately political and an ideological might; an army taht possesses guns must be steadfast, both politically and ideologically.

The lesson from the international revolutionary movement seriously shows that an army composed of hundreds of thousands or even millions of troops armed with modern weapons cannot demonstrate its might and fulfill its duty of defending the socialist fatherland if it disintegrates ideologically, even if the history of army building is long.

Throughout the course of leading the cause of building a chuche-oriented army, Comrade Kim Chong-il, respected and beloved supreme commander, has made utmost efforts to strengthen the political and ideological might of our People's Army, which considers loyalty to the party and the leader [suryong] to be most important.

Political and ideological indoctrination work has been further strengthened through modeling the entire army after the chuche idea; the core of our revolutionary armed forces has been filled with a vanguard boundlessly loyal to the party and the leader [suryong], and the tradition of inheriting loyalty for generation after generation has been being displayed in the entire army. The unitariness of the leader's [suryong] idea and of his leadership has been firmly ensured in all works in the army; the single-hearted unity of the entire army centered around [chungsimurohan] the leader [yongdoja] has been consolidated rock solid, and all officers and men of the People's Army have come to possess the determination and will to share the same destiny with their leader [yongdoja], and even risk their lives to resolutely defend the party and the leader [suryong].

A chuche-oriented military operation system, in which all soldiers of the People's Army move as one under the unitary leadership of Comrade Kim Chong-il, has been thoroughly established; all officers and men of the People's Army are filled with a burning resolve to become guns and bombs to defend their party and leader [suryong] as well as their fatherland and socialist system. For this reason, during the period of a state of semi-war, while possessing a spirit of annihilating the enemy, we could prevent the enemy from daring to touch an inch of land or a blade of grass. This year, we could actively turn adversity into advantage and misfortune into blessing, and win a proud victory even in the acutely tense political and military confrontation with the combined imperialist forces. [applause]

As the traditional virtue of unity between commanders and soldiers and between officers and men, as well as the soldier-loving spirit, has been highly displayed, and as revolutionary comradeship and iron-firm discipline has been firmly established throughout the entire army under the leadership of the respected and beloved supreme commander Comrade Kim Chong-il, our People's Army has firmly grown to be revolutionary ranks of single-hearted unity that breathe and move according only to the ideas and intent of their leader [suryong] and their party.

Among our people today, there are many heroic fighters, such as the heroes Kim Kwang-chol and Han Yong-chol who are models of loyalty, and many revolutionary fighters with firm resolution to become rifles and guns to death-defyingly protect the party, such as Pak Yong-chol and his seven brothers or Yi Tang-un and his seven siblings. This shows the invincible spirit and lofty spiritual and moral traits of our People's Army, which is united around its leader [yongdoja] in one mind in fulfilling its loyal and filial duties.

While leading the cause of chuche army building, the respected and beloved supreme commander Comrade Kim Chong-il has fostered our People's Army as a matchless, one-is-a-match-for-100 army that is firmly prepared not only politically and ideologically, but also militarily and technologically.

Since the policies of turning the entire army into an army of cadres and of modernizing the entire army has completely been achieved under the leadership of supreme commander Comrade Kim Chong-il, all soldiers have grown to be almighty soldiers and energetic fighters who are prepared with high-level military technology, and all units have been armed more firmly with powerful and modern weapons and combat technology and equipment.

The respected and beloved supreme commander Comrade Kim Chong-il strengthened the People's Army in every way, armed the people, and fortified the entire country so that he could firmly establish an all-people and all-country defensive system; he strongly prepared the national defense self-defense industry [chawijok kukpang kongop], making all preparations for sternly coping with the enemy's new war provocation maneuvers.

Today, our People's Army has been strengthened and developed to be a victorious and indomitable revolutionary armed forces equipped with various components and branches of the armed services; with powerful offensive and defensive means; and unique, chuche-based war tactics with which it can undergo any modern war. Our country has become capable of coping with any aggression; the people have been placed under arms, and the entire country has been turned into a fortress.

Leading our revolutionary armed forces along the single road of victory, the respected and beloved supreme commander Comrade Kim Chong-il has considered it an important task for accelerating army building and the socialist cause to highly display the traditional virtue of unity between the army and the people, and has filled the entire country with the virtue of valuing the military and the airs of actively supporting the People's Army.

Amid the movement to win the title of model county of unity between the army and people—which is actively being carried out in our society—all people, regardless of sex or age, deeply love the People's Army soldiers, the fighters of the comrade supreme commander, and are doing everything for the army; the People's Army soldiers treasure the people's lives and their property, actively assist them, and register labor feats by undertaking the difficult and hard parts of socialist construction.

Military parades celebrating the 60th anniversary of the founding of the KPA, and the 40th anniversary of victory in the fatherland liberation war, which were brilliantly recorded in the annals of our revolution, were meaningful events that proudly demonstrated the invincible might of the general revolutionary armed forces centering around our People's Army, which has grown as a strong, matchless, and victorious army under the leadership of the respected and beloved supreme commander Comrade Kim Chong-il, an ever-victorious, iron-strong, and sagacious commander. [applause]

Incalculable is the achievement of the respected and beloved supreme commander Comrade Kim Chong-il, the destiny of our people and the People's Army as well as the symbol of all victories, in the struggle to build our revolutionary armed forces and to strengthen the country's national defense capability. Because he made this immortal achievement in armed forces building, the respected and beloved comrade supreme commander is highly praised as the most outstanding military genius as well as a great and brilliant commander who leads the socialist cause along the ever-victorious single road. [applause]

It is the highest glory and greatest happiness of our people and the People's Army to uphold at the head of the revolutionary armed forces the great leader who is skilled both in literary and military arts, who treats military affairs as the most important state affairs, and who leads our people and the People's Army along the single road of victory and glory. [applause]

I take this significant opportunity to give the highest honor and warmest gratitude, with consistent adoration and burning loyalty of all the people and all the officers and men of the People's Army, to the great leader [widaehan yongdoja] of our party and people, Comrade Kim Chong-il, chairman of the DPRK National Defense Commission and supreme commander of the KPA, who brilliantly inherited and developed the first army building cause pioneered by the respected and beloved leader Comrade Kim Il-song, and who is making immortal achievements for the strengthening and development of our People's Army as well as for the growth and prosperity of the country and the people. [applause]

Comrades: Today our people as well as the officers and men of the People's Army have a heavy but honorable task to solidify the country's defense capability like an iron wall, and to brilliantly inherit and complete the chuche revolutionary cause pioneered and led by the great leader Comrade Kim Il-song in conformity with the present demand of the prevailing situation and socialist construction. To brilliantly carry out this important historic mission, the entire party membership, the entire army, and all people should uphold the leadership of our supreme commander Comrade Kim Chong-il in even higher esteem. The leadership of the respected and beloved Supreme Commander Kim Chong-il is the fundamental guarantee to inherit and complete, from generation to generation, the glorious chuche revolutionary cause pioneered by the great leader Comrade Kim Il-song; it is the source of all victories. [applause]

The entire course of the revolutionary activities of the respected and beloved supreme commander Comrade Kim Chong-il has invariably been to uphold the great leader as the everlasting sun of chuche; to make the leader's authority absolute; and to add luster to the leader's idea and immortal revolutionary achievements forever.

The slogans of faith and loyalty which our people uphold today in the new course of the march—"The great leader Comrade Kim Il-song is with us forever" and "Let us more thoroughly arm ourselves with the revolutionary idea of the great leader Comrade Kim Il-song"—contain the iron-willed volition and boundlessly noble fidelity of our supreme commander Comrade Kim Chong-il to forever uphold the respected and beloved Comrade Kim Il-song as the leader of our revolution, and to inherit and fulfill the chuche revolutionary cause according to the leader's will and intent.

Upholding the respected and beloved supreme commander Comrade Kim Chong-il's leadership is the true road for all people and for the officers and men of the KPA to take in order to add luster to the great leader's revolutionary idea and immortal achievements forever, for generation after generation, as well as to fulfill the chuche revolutionary cause to the end. [applause]

Under any condition and environment, we must deeply cherish in our hearts the boundless great national fortune of upholding at the head of the party and the revolutionary armed forces the great leader Comrade Kim Chong-il, who upholds the cause of the leader, who demonstrates the most noble moral ethos and revolutionary fidelity which a communist revolutionary should have, and who upholds and carries on the cause of the leader who pioneered the road of the revolution for the first time; we must remain loyal to the leadership of the comrade supreme commander without the slightest change of heart, no matter what wind blows at any time and from any direction.

All people and all officers and men of the People's Army firmly believe in and follow the respected and beloved supreme commander Comrade Kim Chong-il, not only in peace but also in periods of harsh trials. With the firm belief and strong will that we will win without fail, and that the fatherly leader will be with us forever as long as the respected and beloved comrade supreme commander exists, they should keep loyalty toward the party and the leader [suryong] as their firm faith, and highly display it during the course of carrying out the revolution. [applause]

The single-hearted unity centered on the leader [yongdoja] is a kernel of the tradition of our party's revolution, and a firm guarantee that enables our people and our People's Army to forever achieve victory and to march ahead.

As anti-Japanese revolutionary fighters and heroic fighters of the fatherland liberation war fought and won victories in the past by upholding the great leader as the center of unity and the center of the leadership, all people as well as all officers and men of the People's Army should single-heartedly unite around the respected and beloved comrade supreme commander, with a firm revolutionary outlook toward the leader and unquestioned admiration for him. By doing so, they should become fortresses and shields that resolutely safeguard the party and the leader [suryong], both politically and ideologically, at the risk of their lives. [applause]

Solidly defending the chuche revolutionary cause with guns is the basic mission of the People's Army. All officers and men of the People's Army should deeply cherish their honorable mission as the army of the party and the leader [suryong]; should firmly prepare themselves politically and ideologically under the banner of imbuing the entire army with the chuche idea; and should become true loyal servants and filial sons who fight for the consummation of our party's cause, the chuche socialist cause, by devoting their all. [applause]

Our party's military idea, theory, and method are invincible weapons of the People's Army. All officers and men of the People's Army should firmly arm themselves with our-own-style strategies and tactics which were originated by the great leader Comrade Kim Il-song and which are endlessly deepened and developed by the respected and beloved comrade supreme commander. On the basis of this, they should carry out all military operations and establish the revolutionary military ethos of fighting through fire and water to carry out the comrade supreme commander's orders and instructions to the end.

In keeping with the demands of modern warfare, all officers and men of the People's Army should be well versed in military science and technology; should make every preparation to carry out their duty skillfully under any adversity; should thoroughly establish the ethos of revolutionary training; should train themselves, study, and live in the manner the anti-Japanese guerrillas did; and should make the traditional virtue of unity between commanders and soldiers and between officers and men, as well as the soldier-loving spirit, overflow within the entire army. In addition, they should establish iron-strong military discipline within the entire People's Army, should endlessly modernize equipment, and should fortify all military fortresses.

Defending the socialist fatherland is entire-army and all-people work. Aggression and plunder are the nature of imperialism. As long as imperialism exists, the threat of war can never disappear.

The enemy continuously strains the situation in our country by conducting reckless commotions and military exercises against us. We must keenly watch the enemy's aggression and war maneuvers, and must maintain high vigilance and be in full combat readiness so we can cope with any contingency [kuotton puruiui sataeedo taechohalsu ittorok kodoui kyonggaksongul kyonji hamyo, manbanui chontu tongwon taeserul kachugo issoyahamnida].

All party members and working people should defend the fatherland together and vigorously push ahead with socialist construction, with a rifle in one hand and a hammer and sickle in the other. If the enemy brings about a war, the army and the people should unite as one to crush the aggressors in one blow and defend to the death the socialist fatherland as an impregnable fortress. [applause]

Throughout society, we should establish more firmly than ever the trait of valuing the military and sincerely learning from it; should always work and live in a mobilized and tense posture; and should strengthen militant and political training for members of the Red Workers' Peasant Militia and Red Youth Guards so they can reliably protect their own work sites, villages, and schools.

The traditional virtue of unity between the army and people that is highly displayed in our society today is an expression of the lofty ideological spirit of all the people and the entire army that they will share their destinies with the comrade supreme commander under any severe trial.

All people and People's Army officers and men should actively carry out the our-village-is-our-post, our-post-is-our-village movement so they can further advance the traditional virtue that the people wholeheartedly support the army while the army actively helps the people.

The chuche socialist building line presented by our party is a programmatic guideline that enables us to generally and highly display the superiority and vitality of socialism by strengthening the popular masses' position and role in every way.

Socialism has been frustrated in many countries in recent years. However, socialism as a science is still alive in the people's minds, and the popular masses-oriented socialism of our own style that has embodied the chuche idea fully demonstrates its peerless superiority and invincible might because of its scientific attributes and truthfulness.

We should continue to vigorously accelerate the cause of chuche socialist construction, upholding the respected and beloved supreme commander Comrade Kim Chong-il's immortal classic "Socialism Is a Science."

The party's revolutionary economic strategies are an excellent guarantee that enables us to generally increase the national strength, to improve the people's standard of living, and to more highly display the superiority of our own style of socialism.

Our party, which is continuously loyal to the great leader Comrade Kim Il-song's revolutionary cause, always took prior interest in the improvement of the people's well-being despite the tension in the country's situation, made unsparing investments in it, mobilized the soldiers of the People's Army to work in various sectors of socialist construction, and registered exploits in it.

To vigorously accelerate socialist construction by upholding the party's revolutionary economic strategy, all sectors and units must thoroughly display the spirit of self-reliance and fortitude.

Next year is a significant year marking the 50th anniversary of the founding of the Workers' Party of Korea [WPK], which was of great significance in the history of the revolutionary struggle of our party and people, and the 50th anniversary of national liberation. All party members, working people, and soldiers of the People's Army should uphold the great plan and will of socialist construction of the respected and beloved comrade supreme commander, and should wage a devoted struggle displaying unequalled courage and mass heroism under the iron-willed faith of "what the party decides, we will do" to thoroughly implement the party's revolutionary economic strategy. By so doing, they should bring into reality the will of the great leader Comrade Kim Il-song, who made energetic and unsparing efforts in his lifetime until the last moment of his life to provide our people with a more affluent and civilized life. [applause]

We should enhance the role of counties in order to thoroughly implement the party's policy to bring forth an upturn in the people's standard of living and to correctly mobilize and utilize the provincial areas' resources and potentials. We should see to it that the counties tenaciously and methodically build up the economic life of the county in order to play a greater role in enhancing the standard of living of the people in the county.

All functionaries should uphold the party's slogan "We serve the people," and should vigorously conduct the Chong Chun-sil movement and actively follow the example of Maengsan County. By so doing, they should display boundless loyalty to the great leader as well as to the respected and beloved comrade supreme commander who credited them with noble political confidence and granted them a rewarding life; they should display the spirit of devoted service, taking responsibility for and thoroughly looking after the people's standard of living, the revolutionary spirit of self-reliance and fortitude, and the revolutionary ethos of setting examples and showing by practice rather than by precept during difficult and hard work. By so doing, they should fulfill their mission and duty as true servants, sincere errand-boys for the people.

Reunification of the fatherland is the unanimous and long-cherished desire of all compatriots, and is the nation's supreme task that cannot be delayed any further. Because of the active struggle by fellow countrymen in the North, South, and overseas who desire the fatherland's reunification, the main forces of the fatherland's reunification are being further strengthened all over the nation as the days go by; the fascist Kim Yong-sam clique, which runs counter to all compatriots' desire for reunification, has been even more isolated and ostracized [toukto koriptoego paechok tanghago issumnida].

All people and People's Army officers and men should have faith that reunification will certainly be achieved in the 1990's because there is the respected and beloved supreme commander Comrade Kim Chong-il, the lodestar of the fatherland's reunification; they should more stoutly struggle to hasten the fatherland's reunification, sternly smashing the maneuvers of the antireunification forces. [applause]

Under the banner of the three principles of the fatherland's reunification—independence, peaceful reunification, and great national unity—and the 10-Point Program of the Great Unity of the Entire Nation that the great leader Comrade Kim Il-song presented while alive, we will actively propel the strong nationwide trend toward the fatherland's reunification, and will put an end to the national division and achieve the cause of the fatherland's independent reunification in the 1990's without fail.

The Korean people's honor that shines under the esteemed name of the great leader Comrade Kim Il-song has reached the highest level today under our party's leadership; the future of the chuche socialist fatherland and our nation that is advancing under the party's banner is even more brilliant. [applause]

Our party and people, which are endlessly loyal to the cause of popular masses' independence and to the socialist cause, will unyieldingly and stoutly struggle to completely achieve the popular masses' independence and the ultimate victory of socialism, upholding the banner of the chuche idea. By doing so, they will fulfill their sublime mission, duties, and responsibility before history.

Let us all unite as one around the respected and beloved supreme commander Comrade Kim Chong-il, and vigorously advance toward a new victory for the revolution, even more highly upholding the banner of the ever-victorious chuche idea and the banner of the three revolutions—ideological, technological, and cultural. [applause]

Long live Comrade Kim Il-song, the great leader [suryong] of our party and our people! [three cheers and applause]

Long live Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people! [three cheers and applause]

Kim Chong-il 'Great Military Strategist'

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["Respected Supreme Commander Comrade Kim Chong-il is Great Military Strategist"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—The dear leader Comrade Kim Chong-il is a great military strategist who is victoriously leading the revolutionary Armed Forces of chuche with an unexcelled military wisdom, strategy and tactics.

The personality of the dear leader, who victoriously leads the People's Army with rare military wisdom and ever-victorious strategy and tactics, is just like the personality of the respected leader Comrade Kim Il-song, an iron-willed brilliant commander who led the Japanese imperialist Army one million strong by the nose and a rare military strategist who defeated the U.S. imperialists who had boasted of being the "mightiest" in the world.

This is stressed in a by-lined article of NODONG SINMUN today dedicated to the third anniversary of the election of Comrade Kim Chong-il as supreme commander of the Korean People's Army.

The great leader Comrade Kim Il-song is quoted as saying:

"Comrade Kim Chong-il is a true people's leader with literary and military accomplishments and with loyalty and filial piety. He is an outstanding thinker and theoretician, statesman, military strategist and a paragon of loyalty to the country and the people and filial piety."

The article continues:

Our people and Army are powerfully demonstrating their invincible might, creditably carrying forward their tradition without the slightest vacillation, despite their deepest grief at the loss of Comrade Kim Il-song, who was the founder and leader of the revolutionary Armed Forces. This is entirely because they have the dear leader Comrade Kim Chong-il, a great military strategist.

The dear leader with rare military wisdom is giving clear answers to all the strategic and tactical questions in the building and activity of the revolutionary Armed Forces and triumphantly leading the cause of Army building with bold operations and flexible tactics.

He is working unprecedented miracles in military affairs by mobilizing the strength of the soldiers to the maximum with a firm belief in them.

He has enjoyed the absolute authority as a great military strategist and made immortal military achievements, because he has rare military gifts and qualities no one can match.

He approaches any military affair from a creative stand, makes constant researches and has extraordinary knowledge of military affairs.

He has a matchless grit and will and the heart of a general.

His grit and will are unshakable even in face of an attack by tens of millions of enemy troops and he is confident of victory over any formidable enemy.

With an outstanding organization ability, he skillfully directs the whole country, the entire people and the whole Army under his unified command. This is another military gift of the dear leader as a great military strategist.

Led by the dear leader, the officers and men of the People's Army and the entire people harden their invincible faith and will a thousand-fold and the invincible might of our revolutionary Armed Forces is growing stronger.

We are sure to win victory, led by respected Supreme Commander General Kim Chong-il.

Yi Chong-ok Attends Kim Chong-il Symposium

SK2312024494 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 20 Dec 94

[FBIS Translated Excerpt] A central symposium on "Socialism Is a Science," the immortal classic work of Comrade Kim Chong-il, the great leader [yongdoja] of our party and people, was held on 20 December at the People's Palace of Culture.

Comrade Yi Chong-ok, member of the Political Bureau of the Workers' Party of Korea [WPK] Central Committee and vice president; Comrade Yang Hyong-sop, alternate member of the Political Bureau of the WPK Central Committee and chairman of the Supreme People's Assembly; other functionaries concerned; and reliable propaganda functionaries of the party and cadre training institutions, and science, education, press and publications, and cultural and art sectors, were on hand. [passage omitted listing names of scholars in attendance]

Buildings Named 'Heroes of the Republic'

SK2212104694 Pyongyang KCNA in English 1021 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 22 (KCNA)—Comrade Kim Chong-il, the great leader of the Workers' Party of Korea and the Korean people, has recently shown great solicitude, seeing to it that the Chohyon Senior Middle School in Chunghwa County, Pyongyang Municipality, the alma mata of the Hero of the Republic Kil Yong-cho, who was an officer of the Korean People's Army, was renamed Kil Yong-cho Senior Middle School and a bust of the hero was set up in the school.

Across Korea there are many places, factories, enterprises, co-op farms and schools that are called after the names of anti-Japanese revolutionary fighters, the first generation of the Korean revolution, and of heroes who were produced in different periods.

The great leader President Kim Il-song long ago took measures to set up busts of revolutionary soldiers who laid down their lives in the struggle for the motherland and the people in their native towns and schools and call them after the names of the heroes to hand down their feats through generations.

The president who highly valued and loved the revolutionary soldiers took a step in the wartime to name Songjin County, North Hamgyong Province, the native place of Comrade Kim Chaek, after him and rename Pyongyang College of Technology Kim Chaek College of Technology (now Kim Chaek University of Technology) to glorify him long in the history of the motherland.

The fatherly leader took steps to found schools named after hero Yi Su-bok who silenced enemy's pillbox with his body at the age of 18, and heroine Cho Ok-hui and Chi Hon-su who fought bravely as a woman guerrilla and a juvenile guerrilla during the fatherland liberation war and, 25 years ago, founded the Kim Chong-tae Electric Locomotive Factory (now the Kim Chong-tae United Electric Locomotive Works) and Kim Chong-tae College of Education (now Kim Chong-tae University).

Entering the 90s, the president took a step to rename some universities whose names had mainly been identified with the localities after anti-Japanese revolutionary fighters, patriotic martyrs and heroes such as Cha Kwang-su, O Chung-hop, Kang Kon, Chong Chun-taek and Kim Che-won.

The names of heroes are shining more brilliantly under the deep care of Comrade Kim Chong-il who shows noble affection and sense of revolutionary obligation to the revolutionary soldiers.

Saying all the anti-Japanese revolutionary fighters were heroes, he saw to it that a large medal of the Hero of the Republic was embossed on the centre of the wreath-laying stand of the Revolutionary Martyrs' Cemetery on Mt. Taesong, awarding them the title of hero which had not been given to them in their lifetime.

Thanks to his deep loving care, an increasing number of schools bear the names of revolutionary soldiers who were unfailingly loyal to the party and the leader, the motherland and the people.

In recent years, there came into being many schools of various levels assuming the names of heroes such as a senior middle school in Sinuiju city named after Kim Kum-sun who was a member of the Anti-Japanese Children's Corps, a primary school in Changyon County named after Cho Pong-ok who was a brave juvenile guerrilla, a primary school named after Yi In-mo, the incarnation of faith and will, and senior middle schools named after Kim Kwang-chol, Han Yong-chol, Yu Kyong-nam and Mun Chong-hwan who were young heroes of the army in the 90s, and An Yong-ae University in Kaesong and An Song-kuk University in Onsan which assumed the names on the occasion of the 40th anniversary of the victory of the Korean people in the fatherland liberation war (July 1993).

Companies Meet Targets Ahead of Schedule

SK2212051894 Pyongyang KCNA in English 0434 GMT 22 Dec 94

[FBIS Transcribed Text] Pyongyang, December 21 (KCNA)—Units of the national economy in Korea are fulfilling their yearly plans one after another.

The Hamhung Machine Tool Factory, the valve factory and large machine tool factories under the Yongsong Machine Associated Bureau hit their yearly targets at the end of November. The Hamhung Machine Tool Factory effected innovations in the production of new presses and machine tools by introducing valuable technical innovation proposals, thus carrying out its yearly plan at 108.2 percent.

Over 20 factories in Yanggang Province including the Hyesan Shoe-making Factory, the Sinpa Chemical Factory and the Hyesan Blueberry Processing Factory honored their yearly commitments more than one month ahead of schedule.

Dozens of units and coal mines under the Sunchon and Anju area coal complexes beat their yearly goals for coal production far ahead of schedule.

The Pyongsong Garment Factory carried out this year's plan, 21 percent higher than last year's, at 107.3 percent.

Yearly targets have also been hit before schedule by more than 20 factories in Kaesong, Yonggwang Youth Railway Station, Manpo Youth Railway Station and many other railway stations.

South Korea

DPRK Envoy in Geneva on Release of U.S. Pilot

SK2212230394 Seoul KBS-1 Radio Network in Korean 2148 GMT 22 Dec 94

[FBIS Translated Text] In a news conference held yesterday [22 December], Han Sang-hun, North Korean ambassador to a UN organization in Geneva, said that North Korea is seeking a humanitarian resolution regarding the release of the surviving pilot, following the repatriation of the remains of the co-pilot who died in a U.S. Army helicopter emergency landing incident. However, he emphasized that U.S. espionage flights were perpetrated more than 200 times last month alone, thus denouncing the flight.

Ambassador Han said that he regrets the U.S. Army helicopter incident and that he will make the utmost efforts to resolve the incident based on the humanitarian spirit. He asserted that he hopes that military provocation acts, such as the recent helicopter espionage flight incident [helgi choppo pihaeng sakon], should not be repeated any more.

Meanwhile, U.S. Congressman Richardson, who came to South Korea crossing Panmunjom together with the remains of Warrant Officer Hilemon, said that it is likely that surviving Warrant Officer Bobby Hall will be repatriated before Christmas.

U.S. Congressman Activities in Seoul Cited

Meets With President 22 Dec

SK2212101794 Seoul YONHAP in English 1009 GMT 22 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—President Kim Yong-sam met U.S. Sen. Bill Richardson at Chongwadae [presidential offices] Thursday afternoon to hear about the discussions the Senator had with North Korean officials during his recent visit to Pyongyang on matters related to the landing of an American helicopter North of the Demilitarized Zone last weekend.

Richardson who flew into Pyongyang from Beijing last Saturday crossed the truce line into the South via Panmunjom Thursday. With him came the remains of the dead crewman of the chopper.

During his call at Chongwadae, Sen. Richardson explained about the contents of his negotiations with North Korean authorities for the repatriation of the helicopter crewmen, and President Kim thanked him for the toils he made, Senior Chongwadae Secretary Chong Chong-uk said.

Richardson said that in Pyongyang he stressed before North Korean leaders the importance of implementing faithfully the U.S.-North Korea agreement.

In response, President Kim said that a solid cooperative system between South Korea and the United States is a must for the implementation of the U.S.-North Korea agreement, Secretary Chong said.

Talks With Kim Tae-chung

SK2312045194 Seoul YONHAP in English 0441 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—A U.S. congressman who just came from North Korea has questioned the general belief that heir-apparent Kim Chong-il is in full control of the country, a source here said Friday.

Rep. Bill Richardson was quoted as telling retired opposition leader Kim Tae-chung Thursday evening that there were many doubtful signs as to whether Kim was firmly in a position of power.

For instance, there were separate negotiating channels for the release of American pilots who strayed into North Korean airspace last weekend, Richardson was quoted as telling kim.

The military, instead of the Foreign Ministry, appeared to be controlling the situation, the congressman said, adding his request to meet with Kim Chong-il and the top military official had been denied.

The decision-making process in North Korea was very slow, and Foreign Ministry officials appeared to be pleading with the military, the source close to Kim said.

Richardson crossed the Korean demarcation line Thursday on his way to Seoul after a five-day visit to Pyongyang, which coincidentally turned into a negotiating exercise for the release of the two American airmen.

He came to Seoul with the remains of Army Chief Warrant Officer David Hilemon, who died in the incident. North Korea has yet to release surviving officer Bobby Hall.

The Democratic congressman said the North Koreans were displeased that the Seoul government forbade the dispatch of a condolence delegation when their leader Kim Il-song died last July, according to the source.

Comments on Kim Chong-il Succession

SK2312025794 Seoul YONHAP in English 0232 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—Visiting U.S. Congressman Bill Richardson believes that North Korea's Kim Chong-il has apparently failed to assume complete control of the communist country's three reins of power—the party, government and military, a diplomatic source here revealed Friday.

The source said the Democrat from New Mexico, who arrived in Seoul Thursday via the truce village of Panmunjom after visiting North Korea, gained this impression during his recent negotiations over the return of the dead and surviving crewmen of a U.S. Army helicopter downed in North Korean territory last Saturday.

Richardson was quoted as observing that significant discord over the chopper issue exists between the North Korean Foreign Ministry, which hopes to improve relations with the United States, and the hawkish People's Armed Forces Ministry.

The American lawmaker's attempt to meet with Armed Forces Ministry Staff was reportedly rebuffed while he was negotiating with Foreign Ministry officials, indicating that the Foreign Ministry is in favor of better ties with the United States while the People's Armed Forces Ministry opposes the early release of the surviving crewman.

The source explained that the two ministries seemingly adjust their differences through their own powers rather than relying on vertical control from above.

"Richardson conducted negotiations with the Foreign Ministry for the airmen's return, but the ministry did not seem to be directed by the upper part (Kim Chong-il) in any way," the source disclosed.

The U.S. House member also had the impression that the Foreign Ministry explained all of his requests in detail to the Armed Forces Ministry during the talks and appeared to try to "read" the hard-line Defense Ministry, the source said.

Based on Richardson's observations, the source continued, Kim Chong-il must be having trouble taking complete control as there are only horizontal relations among the party, government and military without vertical orders from above.

Senator Frank Murkowski, who also traveled to Pyongyang recently, told the press last Wednesday that the North was experiencing a leadership vacuum, noting that Kim Chong-il was not regarded as a leader with final responsibility for major decisions on state affairs.

U.S. Urges Gulf Nations To Join KEDO

SK2312055994 Seoul YONHAP in English 0108 GMT 23 Dec 94

[FBIS Transcribed Text] Washington, Dec. 22 (YONHAP)—The United States is hoping to divide the burden of supplying heavy oil to North Korea with Gulf nations by pointing out the security threat the communist state poses to the region, congressional sources said Thursday.

Washington plans to approach members of the Gulf Cooperation Council (GCC), comprising such oil-producing countries as Kuwait, the United Arab Emirates and Saudi Arabia, and urge them to take part in the Korea Energy Development Organization (KEDO), the sources said.

KEDO, in which South Korea, the United States and Japan are to be the central players, is supplying heavy oil to North Korea, which promised to scrap its nuclear program but demanded alternative energy in return.

The Oct. 21 nuclear agreement stipulates that the United States must ship 100,000 tons next year and 500,000 tons every year after that until new reactors are built in North Korea.

The initial shipment of 50,000 tons this year has already been sent off.

The Republican-controlled Congress is critical of Washington bearing the energy-supply burden, the sources said. The idea is therefore to include the GCC nations in KEDO, which will be formally launched this coming February, they said.

The Gulf nations will be told that North Korea's continued missile sales to the Middle East would threaten security in their region, and that their participation in KEDO could help halt such missile sales.

The sources said Israeli Prime Minister Yitzhaq Rabin, in Seoul earlier this month, discussed this matter with South Korean officials and also talked about GCC members' participation in KEDO.

Prosecution Demands U.S. Soldiers' Compliance

SK2212143994 Seoul CHOSON ILBO in Korean 22 Dec 94 p 31

[Report by Yi Chang-won]

[FBIS Translated Text] Regarding the violent incident involving a Korean mother and daughter as well as U.S. military police, the ROK Prosecution Office demanded the United States comply with its summons of the U.S. soldiers involved. However, the United States refused to answer the summons, claiming the U.S. soldiers were carrying out their rightful official duties. However, assessing their actions to be unjust, the prosecution sent a written opinion [uigyonso] to the Eighth U.S. Army requesting their compliance with the summons, the first time such action was taken since the Status of Forces Agreement [SOFA] was signed.

On 21 December, Public Prosecutor Kim Yong-chol in Department No. 6 of Criminal Affairs, Seoul District Prosecution Office, revealed that, in regards to the detention and violence committed by Eighth U.S. Army military police against a Korean mother and daughter in October, he demanded a summons for the two soldiers, including (Daniel Grim), who are the offenders. However, the United States has not complied with the demand, merely sending "a certificate to prove the execution of official duty." Therefore, he sent "a written opinion demanding their summons" to the Eighth U.S. Army.

It has been learned that the Ministry of Justice is currently discussing this issue with the Eighth U.S. Army. Mrs. Kim and her second daughter (29), Sol, who are the victims of this incident, were leaving Hannam Village in Hannam-tong, Yongsan Ku, Seoul, around 2130 on 25 October with rice and meat they received from Mrs. Kim's eldest daughter who lives in Hannam Village. They claim U.S. military police, mistaking them for black marketeers of U.S. military Post Exchange goods, investigated them, handcuffed them for five hours, and employed violence against them. Thus, they filed a suit against the military police.

Report of ROK Providing Oil to North Denied

SK2312042494 Seoul TONG-A ILBO in Korean 23 Dec 94 p 1

[FBIS Translated Text] The Foreign Ministry denied the report on a remark by a Washington diplomatic source that the ROK Government will be burdened with providing almost all of the heavy oil to North Korea, by saying that it is a groundless speculation and is not true at all.

Chang Ki-ho, spokesman of the Foreign Ministry emphasized on 22 December: "During the agreement reached between North Korea and the United States in Geneva, it was agreed that the ROK will have a greater burden in assisting North Korea with the light-water reactor, but it was clearly stated that the United States will be responsible for the issue of providing heavy oil as substitute energy. There is no change in the principle of this kind of settlement."

Spokesman Chang continued: "In a 21 October news conference, U.S. President Clinton stated that the ROK will be burdened with providing most of the heavy oil, but such a remark was a mistake that was made before thoroughly understanding the detailed content of the negotiations between North Korea and the United States. At that time, the U.S. working-level authorities explained the background of why such a remark was made and confirmed that it was a incorrect remark."

Experts Say North Expanding Air Routes

SK2312034994 Seoul YONHAP in English 0245 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—North Korea is likely to expand its international air routes greatly following the sudden announcement Thursday that it would allow all foreign civil aircraft access to its airspace.

Pyongyang's opening of its airspace and expansion of international routes are apparently aimed at attracting foreign visitors to bring in much-needed foreign currency and at winning diplomatic points, North Korea specialists here speculated.

Accordingly, the reclusive North will probably overhaul its foreign tourism policy, previously kept to an extremely limited basis.

The Stalinist country's civil aviation and tourism sectors have thus far been strictly controlled by the Air Force. Not surprisingly, these sectors are in a very humble state, having key problems such as foreigners' entry conditions and readiness to receive visitors.

Possessing a mere 64 aircraft, North Korea operates just five international routes—Pyongyang-Moscow-Berlin, Pyongyang-Beijing, Pyongyang-Moscow-Sofia, Pyongyang-Khabarovsk and Pyongyang-Bangkok.

But the regular Pyongyang-Moscow route, which had been the most important link before the collapse of the Soviet Union, is beset by a precipitous reduction in passenger demand. This has caused the North to count heavily on the Pyongyang-Beijing route.

Moreover, to meet demand from Japan, the hermit kingdom dispatches chartered planes intermittently to such major cities as Tokyo, Osaka, Nagoya, Hiroshima and Fukuoka.

In expanding its international routes, the North is placing the greatest emphasis on developing a "circular tourism route" of Pyongyang-Khabarovsk-Japan (Tokyo, Nagoya, Osaka, Fukuoka, Niigata)- China (Beijing, Shanghai, Changchun). The scheme was reportedly devised in 1986.

Should Pyongyang-Tokyo diplomatic ties be normalized in the not-too-distant future, regular flights between the two countries would follow and the North's aviation and tourism business would receive a big boost.

On top of the three-nation route, North Korea is reportedly pushing to open a Pyongyang-Paris route and envisions extending current flight operations to Frankfurt using Berlin as a base.

In addition, the communist country agreed with Taiwan recently on plans for mutual operation of their carriers through improvement of bilateral relations.

According to a report by the (South) Korea National Tourism Corp., the North sees some 100,000 visitors annually comprising 70, 000 Chinese and Korean-Chinese, 10,000 Russians and 20,000 other overseas Koreans and Japanese. No more than 20,000 are estimated to visit the Stalinist country for tourism purposes.

North Korea reportedly receives a great deal of foreign currency and goods, especially from overseas Koreans.

President Announces 'Sweeping' Cabinet Reshuffle

Cabinet, Chongwadae Appointments

SK2312075094 Seoul YONHAP in English 0712 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—President Kim Yong-sam appointed Deputy Premier-Economic Planning Minister Hong Chae-hyong as head of the new Finance-Economy Ministry and National Security Planning Chief Kim Tok as deputy premier-Unification Board minister in a sweeping cabinet reshuffle Friday.

Han Sung-su, ambassador to Washington, was named chief presidential secretary in a realignment of the presidential secretary team. Ambassador to Tokyo Kong No-myong takes the helm at the Foreign Ministry while ruling party lawmaker Kim Yong-tae was named new home affairs minister.

Former Defense Minister Kwon Yong-hae was named to the top post of the Agency for National Security Planning.

The new cabinet includes An U-man as Justice Minister, Gen. Yi Yang-ho as defense minister and Chu Ton-sik as culture-sports minister. Air Force Gen. Yi is to retire from active service as of Friday after handing his post of chairman of the Joint Chiefs of Staff to Army Gen. Kim Tong-chin, currently army chief of staff.

Education Minister Kim Suk-hui was retained.

Choe In-ki was selected as Agriculture, Forestry and Fisheries minister while Pak Chae-yun was chosen as head of the newly established Trade-Industry Ministry. Also the new Information-Communications Ministry receives Kyong Sang-hyon, vice communications minister, as its chief.

Rep. Kim Chung-wi of the ruling Democratic Liberal Party takes control of the Environment Ministry, and So Sang-mok retains his post at his ministry which will be renamed the Health and Welfare Ministry.

Yi Hyong-ku, former vice economic planning minister, is the new Labor minister, and Transportation Minister O Myong takes over as head of the new Construction-Transportation Ministry.

So Sok-chae, a member of the DLP Executive Council, was chosen as government administration minister.

The new cabinet lists Chong Kun-mo as science-technology minister while retaining O In-hwan as information minister.

DLP Rep. Kim Yun-hwan is the first state minister for political affairs and Kim Chang-suk second state minister.

Kim Ki-sop is the new chief of the Office of Legislation and Hwang Chang-pyong heads Patriots and Veterans Affairs.

Pak Sang-pom moves from the Presidential Security Service to become secretary-general of the Advisory Council for Democracy and Peaceful Reunification.

In a secretariat reshuffle, the president named his Chief Secretary Pak Kwan-yong as special assistant for political affairs.

Yu Chong-ha, ambassador to the United Nations, returns to Seoul as presidential secretary for Foreign and National Security.

Yun Yo-chun is the new senior press secretary, and Kim Kwang-sok takes over as chief of the Presidential Security Service.

Army Chief of Staff Kim Tong-chin immediately replaced Yi Yang-ho as chairman of the Joint Chiefs of Staff. Commander of the Third Army Yun Yong-nam, in turn, takes over as new army chief of staff.

Outgoing Presidential Spokesman Chu Ton-sik, announcing the overhaul, said the new team was chosen bearing three national principles in mind—globalization, localization and preparation for national unification.

"The criteria were potential for globalization, will for reform, administrative capability, patriotism and moral uprightness," the spokesman said.

Friday's reshuffle stamps a virtually new face on the cabinet, marking the second phase of Kim Yong-sam's administration.

The government realignment was long expected, and the announcement came right after Kim signed a revision streamlining the government structure earlier in the day.

Prime Minister Yi Hong-ku handed in the resignations of all cabinet members as a prelude to the reshuffle.

The president is expected to hold an appointment ceremony Saturday morning and chair a conference with the new cabinet and the secretariat.

A follow-up shakeup of vice ministers is expected soon.

Press Secretary on Reasoning

SK2312065994 Seoul KBS-1 Television Network in Korean 0600 GMT 23 Dec 94

[Introductory remarks by Presidential Press Secretary Chu Ton-sik prior to announcing cabinet reshuffle at Chongwadae—live]

[FBIS Translated Text] I will now make an announcement on the reorganization of the cabinet and Chongwadae [presidential offices]. Today, with the completion of the government's structural reorganization, which can be called a revolution in administration, President Kim Yong-sam has conducted a large-scale reshuffle of members of the cabinet and Chongwadae.

Selection of personnel for this reorganization was based on their ability to forge globalization ahead, their will for reform, their administration ability, and their patriotism and uprightness, and was made under principles of globalization and localization of state affairs, and in preparation for national unification.

President Kim Yong-sam's key aim in the current large-scale reshuffle is to provide a new, fresh occasion for changing the appearance of the government and for the people [kukmin] to make a new start with the replacement of almost all cabinet members, including the prime minister.

Profiles of New Foreign Policy Team

SK2312083494 Seoul YONHAP in English 0753 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—Following are the profiles of newly appointed members of the foreign affairs- national security policy team:

Kim Tok

New Vice Prime Minister and National Unification Board (NUB) Minister Kim Tok is a scholar of international politics specializing in North Korea and China who has led the Agency for National Security Planning (NSP) since the launch of the Kim Yong-sam administration.

Kim is said to have extensive knowledge of inter-Korean relations as well as international politics. He graduated from the Seoul National University (SNU) Law School in 1958 and the graduate school of the University of Indiana in 1962. After that, he taught at Seoul's Hankuk University of Foreign Studies for 32 years before being appointed NSP director. While serving as NSP chief, he reportedly abolished political maneuvering, the agency's trademark during the past military regimes.

Kim enjoys painting and mountaineering during his free time. His wife is Pak Un-hui, 52, and the couple have two sons.

Kong No-myong

New Foreign Minister Kong No-myong is a career diplomat known for a balanced sense of negotiating and meticulous approach to his work. Born in 1932, he graduated from the Seoul National University College of Law in 1961 and in the same year studied at the London School of Economics and Political Science in Britain.

After joining the Foreign Ministry in 1958, he has spent his entire career there and handled major diplomatic issues such as the Seoul-Tokyo security and economic cooperation talks in the early 1980s. Kong became deeply involved in inter-Korean affairs while serving as co-chairman of the South-North Korean Nuclear Control Joint Committee in late 1980s and was also the spokesman for high- level inter-Korean talks. He was named the first South Korean ambassador to Russia at the end of the past Sixth Republic under No Tae-u.

He possesses a mild and moderate character and is fluent in both english and Japanese. Married to Han Myong-suk, he has two sons.

Kwon Yong-hae

Newly appointed National Security Planning Director Kwon enjoys the president's confidence, becoming the first defense minister under the Kim Yong-sam administration who is known for effecting military reforms. In particular, Kwon poured all his energy into eliminating "Hana-hoe," a private club of active-duty officers, but had to resign his post over an arms purchase scam last year.

Right after ending his military career as commander of the 1988 Seoul Olympic Games assistance, Kwon was named planning and management assistance minister of the Defense Ministry before being promoted to vice minister in December 1990. At the same time, he was leading behind-the-scenes military projects such as a restructuring, strengthening of fighting power and modernization.

In the meantime, he was among an advanced group of graduates of the 15th class of the Korea Military Academy, but transferred to the reserves as a major general because he was a non-Hana-hoe member in 1988.

Yu Chong-ha

New Senior Presidential Secretary for Foreign and National Security Affairs Yu born in 1936, Yu graduated from the Department of Political Science at Seoul National University in 1959. He later studied at Bonn University in Germany.

He began working for the government in 1959 when he joined the Foreign Ministry and served as consul in Chicago and also in Islamabad, Pakistan, in 1968. After serving as director-general of the ministry's American Affairs Bureau in 1978, he was named ambassador to Sudan in 1983. He had been vice foreign minister before taking on the post of ambassador to the United Nations.

Yu has two sons and two daughters.

New Ministers Profiled

SK2312090294 Seoul YONHAP in English 0832 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—Following are the profiles of some key cabinet ministers and presidential secretaries of note besides the foreign policy-security policy team members:

Hong Chae-hyong

—Hong, named the first chief of the newly launched Ministry of Finance and Economy Friday [23 December], has emerged as one of the most powerful figures in the Kim Yong-sam administration less than three months after he gave up the finance minister's post to become Economic Planning Board (EPB) head.

The new minister for finance and economy-vice premier started his career as an official at the Ministry of Finance in 1963 and later worked at the International Bank for Reconstruction and Development (IBRD) and the Korean Embassy in London, where he was in charge of finance.

Hong also worked as director of the Korean Customs Administration (KCA) and was president of both the Korea Export-Import Bank and Korea Exchange Bank. He has spearheaded the drive for reform of financial transactions while serving as finance minister.

Hong is said to have won the respect of President Kim with his blitzkrieg introduction of the real-name financial transaction system.

Born in 1938 in Chongju, North Chungchong Province, Hong studied at Seoul National University's Commerce College.

Kim Yong-tae

—New Home Affairs Minister Kim Yong-tae is a four-term journalist-turned-lawmaker with a reputation for earthy amicability.

He was "discovered" while acting as spokesman for the former Democratic Justice Party, and he holds the record for longest- surviving spokesman at three years.

Kim first became close to President Kim when he was editor of the CHOSON ILBO's political desk. He was Kim's staunch supporter in the 1992 presidential election.

He is apparently good with numbers. He was chairman of the National Assembly Finance Committee and served two terms at the Assembly Budget Committee chairman.

Yi Yang-ho

—Defense Minister Yi is typically a man gentle of appearance but sturdy of spirit.

After Kim Chong-yol and Chu Yong-pok, Yi is the third Air Force general to become defense minister, and the second chairman of the Joint Chiefs of Staff after Yun Song-min, who has assumed the defense portfolio without interruption.

Being genial and reasonable, he listens attentively to his subordinates' views in the course of decision-making, but once decisions are taken he executes them forcefully.

While serving as Air Force chief of staff, Yi cracked down on irregularities involving golf courses managed by air wings.

As chairman of the Joint Chiefs of Staff, Yi accompanied President Kim Yong-sam during the latter's tour of southeast Asian countries to conduct active military diplomacy. He also played a major role in having peacetime operational control returned to the South Korean Armed Forces.

An U-man

—New Justice Minister An is said to be a reasonable man who excels at controlling an organization while maintaining personal relationships with a wide range of people.

An is the third Supreme Court justice-turned justice minister after Min Pok-ki and Yi Chong-u since 1948 when the Republic of Korea was established.

An, who is well versed in both the theory and application of civil law, served as minister for the Court Administration.

While serving as head of the Court Administration he refused to accept the existence of "political judges," an issue raised by lawyers, drawing criticism from them.

He opened a law office last November. An, 57, was born in Ulsan, South Kyongsang Province, and graduated from the Seoul National University Law School.

Kim Yun-hwan

—First State Minister for Political Affairs Kim is a journalist-turned lawmaker elected to four consecutive terms. Standing six-feet tall, he attracts those around him on the strength of his noble-mindedness, friendliness and political skills.

Having served as chief presidential secretary for political affairs and chief presidential secretary under the Fifth Republic, as well as ruling party secretary-general and floor leader and state minister for political affairs under the Sixth Republic, Kim maintains close personal relationships with influential figures from the former regimes and opposition politicians.

When the Democratic Liberal Party selected its presidential candidate through a competitive vote in 1992, Kim played a key role in supporting Kim Yong-sam, despite the fact he hails from Taegu while Kim Yong-sam comes from Pusan.

So Sok-chae

—Implicated in the Tonghae city election fraud case while the No Tae-u government was in power, new Government Administration Minister So had been out of politics until he made a political comeback as executive councilor of the ruling Democratic Liberal Party early this year.

He has been so close to President Kim Yong-sam over the years that he is often called "Kim's branch."

While teaching at a secondary school in Pusan after completing his education at Tong-a University, he was drawn into the world of politics as the secretary of Kim, who was then an opposition politician in the early 1960s. He has since been an unswerving follower of the president. When Kim was leader of the defunct new Democratic Party, So acted as his organization chief. He was also elected to the National Assembly on this party's ticket three times.

In the 1992 presidential election, So formed two organizations supporting Kim and helped contribute to his victory.

Han Sung-su

—New Chief Presidential Secretary Han Sung-su, who was once trade-industry minister, is well versed in trade issues and deemed capable of realizing President Kim Yong-sam's globalization vision.

He is reportedly well regarded by the president, leading to rumors that he was the best man for the position even before Kim started to map out the massive reshuffle. Han has lectured at such major universities as Cambridge, Harvard and Tokyo.

He was also a lawmaker at the 13th National Assembly in 1988. In April of that year, he became trade and industry minister. In April 1993, he was named ambassador to the United States, serving as "a field commander of the country's diplomacy" over the last two years.

National Assembly Approves Reorganization

SK2312035194 Seoul YONHAP in English 0258 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—The National Assembly met Friday morning and passed a revision to the government organization law paving the way for a massive administrative revamp to meet the nation's globalization program and the era of localization.

The parliamentary action came amid objections from the main opposition Democratic Party (DP) and some independent lawmakers.

The standing vote saw 171 out of the total 259 parliamentarians in favor of the revision bill while 79 cast "no" ballots. Nine members abstained.

The vote was conducted after the debate and deliberation report on the revision bill by members of the ruling and opposition parties, together with an examination report prepared by the house Administration-Economy Committee.

The 171st extraordinary session also disposed of nine other bills including parliamentary inspection plans for tax embezzlement before closing its five-day sitting.

Immediately after parliamentary passage, the revision bill on government reorganization was handed over to the administration for official implementation after being resolved by the cabinet and endorsed by President Kim Yong-sam later in the day.

The revised government organization law calls for merging the Economic Planning Board and Finance Ministry into the Board of Finance and Economy, and the Construction and Transportation Ministries into the Construction-Transportation Ministry.

Under the revision, the Trade, Industry and Energy Ministry is being transformed into the Trade and Industry Ministry and the Communication Ministry into the Information-Communication Ministry.

The government's basic structure is being altered for the first time in 30 years.

1,002 Civil Servants Lose Positions

SK2312073394 Seoul YONHAP in English 0722 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—The government trimmed 1,002 civil servants and 115 divisions at 18 ministries and agencies under the amended government organization law and its enforcement decree proclaimed at a special cabinet meeting Friday [23 December] afternoon.

Under the new law, two ministries were eliminated as the Finance Ministry and the Economic Planning Board were merged into the Finance and Economy Board and the Construction and Transportation Ministries into the Construction and Transportation Ministry.

The Finance and Economy Board removed 305 officials in 29 divisions, the Construction and Transportation Ministry 180 officials in 24 divisions, the Education Ministry 148 officials in 21 divisions, the Rural Development Administration 162 officials in 15 divisions and the Trade and Industry Ministry 110 officials in 17 divisions.

On the other hand, the Fair Trade Commission saw an increase of 65 officials for six new divisions and the Information and Communications Ministry got 25 additional officials for two new divisions.

Vice Government Administration Minister Won Chin-sik said the reorganization was designed to reduce regulatory and supervisory jobs and ensure the consistency and integrity of the administration.

Two Representatives Resign From New Party

SK2212103094 Seoul YONHAP in English 0833 GMT 22 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 22 (YONHAP)—Two supreme councillors, Reps. Kim Yong-hwan and Yu Su-ho, resigned from the New People's Party (NPP) Thursday [22 December] due to party discord.

During a Supreme Council meeting Wednesday night at the party's Yoido headquarters, the two lawmakers reportedly offered a scheme for a tripartite division of roles—party power for Yang Sun-chik, presidential nomination for Kim Tong-kil and Seoul city mayoralty for Pak Chan-chong—while urging reconciliation among the three. After their efforts came to no avail, however, Kim and Yu decided to abandon the minor party.

The two assemblymen reportedly plan to remain independent for the time being.

In his secession statement, Rep. Yu said, "I am very regretful about deserting the party, having come to naught in my efforts to call for intra-party unity."

The NPP is expected to face a further crisis, possibly even collapse, since Reps. Cho Sun-hwan and Cho Il-hyon are also considering bolting.

Air Force Chief at Ceremony on F-16 Delivery

SK2312052094 Seoul YONHAP in English 0503 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—A ceremony marking the delivery of F-16 C/D fighters produced by Lockheed Aircraft of the United States was held Friday at an Air Force camp in Sachon, South Kyongsang Province, with some 700 servicemen and others including Air Force Chief of Staff Gen. Kim Hong-rae attending.

"We have come to see the era of the F-16 as the mainstay of the Air Force with the full support of our people," Gen. Kim said in an address. "Let's conduct more faithfully our duties to protect the state's airspace from North Korea's provocative ambition on the basis of strengthened fighting power."

Following the ceremony, four F-16 fighters were made public and Lt. Col. Kim Yong-man carried out a performance test flight of the F-16 no. 1.

Equipped with advanced medium range air-to-air missiles (AMRAAMs) and having the capability to penetrate and attack at an ultra-low altitude, the F-16's armed capacity is reportedly twice that of North Korea's leading fighter, the MIG-29.

The F-16s are being introduced under the Korea Fighters Program (KFP).

Defense Ministry Pushes Gun Manufacture Project

SK2212100694 Seoul CHUNGANG ILBO in Korean 22 Dec 94 p 3

[FBIS Translated Text] On 21 December, the Ministry of National Defense made public that it would again push for the Piho [flying tiger] Project worth 1,000 billion won, in which the ROK would domestically manufacture 30-mm self-propelled guns capable of conducting night observation and tracking fire, with a view to effectively coping with low-altitude aerial threats from the enemy.

Although the project was worked out in 1983, implementation of the Piho Project has been delayed since the end of 1993 because some equipment—such as Defense Acquisition Radars and Visual Sight Devices manufactured in the ROK—has been found defective in performance due to a low-level of technology, and because it was pointed out that it is necessary to first secure portable guided weapons before securing anti-aircraft guns whose range of fire is short and whose rate of hitting is low.

Selection of Nuclear Waste Disposal Site Assessed

SK2312035394 Seoul THE KOREA TIMES in English 23 Dec 94 p 3

[By staff reporter No Chun-hon]

[FBIS Transcribed Text] The selection of Kurop-do, a micro-island off the southwestern coast of Inchon, to store radioactive waste is generally interpreted as the government's determination to pursue the project while incurring minimal resistance from the public.

It has taken six long years of nationwide searching and the government made it official yesterday, declaring the island inhabited with just 10 residents as the final choice to house radioactive waste.

In an announcement early yesterday morning, Science-Technology Minister Kim Si-chung said Kurop-do has been approved as the site for the nation's only nuclear waste by the Nuclear Energy Committee and consented fully by the residents of the island.

"After extensive evaluation and feasibility studies, we have arrived at the conclusion that the island of Kurop-do is the most ideal for the spent fuel depot," he said in a press conference.

The announcement was delayed by more than an hour, apparently due to a dispute among committee members, some of whom insisted that the Kurop-do is not the most suitable location considering its poor potential for development.

Kim said every detail will be addressed to ensure the safety of the facility, adopting the most suitable method of storage so as to prove both in the short-and long-term that nuclear energy is safe.

Commenting on protests by residents in nearby islands, especially Tokchok-do located some 13 kilometers east of Kurop-do, the minister said continuous effort will be made to resolve the conflict through dialogue.

According to the basic project plan, about 700 billion won (900 million dollars) will be invested into the construction of a storage facility capable of storing 250,000 barrels of low-level radioactive waste and 15,000 barrels of high-level radioactive spent fuel.

Over the next 30 years, however, the facility will be expanded to contain 1 million barrels, enough to house all nuclear waste from the nation's 18 nuclear plants after nine additional plants are completed.

Sources at the Nuclear Environment Management Center under the wings of the Korea Atomic Energy Research Institute (KAERI) said the government has decided to adopt the Swedish method of burying the spent fuel in an underground cave with reinforced walls measuring 1.2 meters.

"Owing to the fact that the island has a solid granite foundation, we do not anticipate any safety problems such as possible leakage. Every detail will be looked into the ensure the highest degree of safety," he emphasized.

Asked about dangers of harsh climatic conditions during transportation by sea, Kim said "there is no such possibility," since every step will be taken to safeguard against radioactive discharge. He added that the depth of waters surrounding the island makes it suitable for the construction of harbors.

The master plan calls for the initial capacity to be in place by the year 2002, including water tanks for submerging high-level radioactive nuclear waste for three to five years for the radioactivity to die down.

A major nuclear laboratory, which will also oversee the operation of the spent fuel depot, will be constructed in a nearby island, possibly Taebu-do. A final plan for the lab is due in about a month, the minister said.

The government began feasibility on a total of 53 candidate sites in December 1988 and narrowed the list down to 10 this year. A short list of four sites, including Yongil and Ulchin, both in Kyongsangpuk-to, was carefully evaluated over the past few months before landing on Kurop-do.

Although the inland candidates were analyzed to be more suitable for the project, strong protests from residents posed an insurmountable obstacle, Minister Kim said.

Kurop-do, measuring 1.7 square kilometers in area, is located 65 kilometers west of the industrial port city of Inchon. The nearest populated island is Tokchok-do with about 1,300 people.

With the selection, residents of Kurop-do stand to benefit from a 50-billion-won (62.5-million-dollar) fund for various developmental projects. Districts around the island will receive 30 percent of the benefits as well.

Meanwhile, residents of Tokchok-do held a demonstration outside the Government Complex in downtown Seoul, demanding that the government retract its decision to bring the radioactive waste depot to the Island in Kyonggi-to.

The government, for its part, said it will deal harshly with any form of illegal protests, citing that temporary holding facilities at nuclear plants are due to become saturated around the turn of the century and that it is imperative that the project is carried out as planned.

Foreign Investors Exempt From Guarantee Deposits

SK2312040294 Seoul YONHAP in English 0235 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—Beginning Jan. 4, foreign and institutional investors will no longer be required to deposit guarantee money with brokerage houses for stock investment under bourse development plans the Korea Stock Exchange announced Thursday.

At present, such investors must deposit 20 percent of a buy order with a brokerage house before placing the order.

The daily stock price fluctuation band will be raised from the current 4.6 percent to 6 percent next April and further to 8 percent between 1996 and 1997.

This means that the price of a 10,000-won share, which now may rise or fall by a maximum of 400 won a day, can move up or down within a range of 600 won.

The plans also call for advancing the opening hours of the exchange's morning and afternoon sessions by 10 minutes to 9:30 A.M and 20 minutes to 1:00 P.M., respectively.

Trade Surplus Recorded in Electronic Goods

SK2312060894 Seoul YONHAP in English 0530 GMT 23 Dec 94

[FBIS Transcribed Text] Seoul, Dec. 23 (YONHAP)—The country's trade surplus in electric and electronic products this year, thanks to the continuing export boom, approached 10 billion U.S. dollars as of the end of November.

Exports of electric and electronic goods in November topped 3,147 million dollars, up 41.7 percent over a year earlier, exceeding 3 billion dollars for the second month in a row, according to the Ministry of Trade, Industry and Energy.

November exports of semiconductors, in particular, reached 1,365 million dollars, soaring 79.9 percent over November last year, accounting for 43.3 percent of the total electric and electronic product exports.

Electric and electronic exports during the first eleven months of the year totaled 28,644 million dollars, up 27.4 percent over 1993.

On the other hand, imports of electric and electronic items during the cited period were tallied at 18,738 million dollars, showing a surplus of 9,908 million dollars.

Brunei, Malaysia & Singapore

Malaysia

Border Committee Meeting With Thailand Opens

BK2212105894 Kuala Lumpur Voice of Malaysia in English 0800 GMT 22 Dec 94

[FBIS Transcribed Text] Malaysia and Thailand will increase joint land, sea, and air military exercises. The Malaysian Army Field Commander Chief, Lieutenant General Datuk Abdul Ghani Abdullah, in saying this added that joint exercises so far have been successful, despite language difficulties.

He was speaking at a joint news conference in Penang after cochairing the 64th Regional Border Committee meeting.

The Thai delegation was led by Fourth Army Area Commander Lt. Gen. Panthep Phuwanatnurak.

Gen. Ghani said the present peaceful scenario along the Malaysian-Thai border since the Communist Party of Malaya ended its insurgency, will enhance the conduct of military exercises.

Today's meeting discussed intelligence, operations, training and psychological operations for the next six months.

Singapore

* Premier on Achieving 2010 Trade Liberalization

95SE0030B Jakarta MERDEKA in Indonesian 17 Nov 94 p 5

[FBIS Translated Text] Jakarta, 16 Nov (MERDEKA)—Singapore Prime Minister Goh Chok Tong is confident that Singapore can achieve liberalization of trade and investment by the year 2010, because his country is now in the initial stage of a developed industrialized economy.

"I hope that Singapore can fulfill the vision of becoming a developed industrialized country by the year 2000, and thus I hope it will fully achieve free and open trade by 2010," he said Wednesday [16 November] at a press conference in Jakarta.

When asked his opinion about the targets of 2020 for the achievement of free trade and investment in the Asia-Pacific region by developing countries and 2010 for industrialized countries, Goh said the schedule was a consensus based on two categories of development level among APEC [Asia-Pacific Economic Cooperation] members, namely developing and developed.

"The schedule is flexible. APEC members who can achieve free trade by 2010 should do so. The setting of a schedule does not mean definition of the status of a particular country, however. I do not agree with such a view," he said.

Besides Singapore, he pointed out Hong Kong, Taiwan, and South Korea as APEC members who probably can act somewhat sooner than the 2020 schedule.

Goh was also asked his opinion about the ninth point in the Bogor Declaration, which states that APEC economic leaders agreed that members who are prepared to implement free trade may do so, while those who are not yet able may do it later.

Goh said the point has two meanings. Members who can begin free trade and investment may do so now. He said that Singapore will begin implemention of freer trade in 1995.

"However, those who are not yet able because of procedural hindrances may do it later," he said.

The other meaning, Goh said, relates to new members who may join in the future. New members may adapt to the ninth point, and they will be given a flexible schedule.

APEC has 18 members: the six ASEAN countries (Indonesia, Malaysia, Singapore, Brunei Darussalam, Thailand, and the Philippines), Papua New Guinea, South Korea, Hong Kong, Taiwan, China, Japan, Australia, New Zealand, Canada, the United States, Mexico, and, as a new member, Chile.

Singaporean Prime Minister Goh Chok Tong said he felt the APEC meeting in Osaka, Japan, will be a very important event, because it must follow up the Bogor Declaration.

"It will be important, because at that meeting senior officials and ministers must discuss several difficult issues, including tariff levels and nontariff barriers, for achievement of free trade and investment," he said.

Goh said he was confident that when free and open trade is achieved, there will be an improvement in standards of living, which will also be followed by improvements in the quality of other aspects of life.

Cambodia

Further on Thai Foreign Minister's Visit

BK2312060094 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 23 Dec 94 pp 1, 2

[FBIS Translated Text] During a visit to Cambodia on the morning of 21 December, Thai Foreign Minister Thaksin Chinnawat told Samdech Hun Sen that Thailand wants to set up a regional Thai-Cambodia committee (local) to settle various problems between the two countries, particularly a joint sub-committee to settle the border issue.

The joint committee's task is to solve problems, particularly those occurring along the two countries' border. On the Khmer Rouge issue, Thaksin Chinnawat is convinced that rural development will solve this problem. No one will support the Khmer Rouge when the people's living standards improve and people will come to the Cambodian Government. Thaksin affirmed that Thailand is always ready to assist Cambodia to promote rural development. Thailand recently set up a rural development zone in Pursat Province.

Samdech Hun Sen affirmed to the Thai foreign minister that Cambodia will make efforts to establish a joint committee in military regions or to establish a regional committee which functions efficiently.

According to Samdech Hun Sen, this committee will be very important in settling on the spot various issues between the two countries. Cambodia is ready to set up this regional committee in Cambodia, which would include representatives from the Khmer Royal Armed Forces and various provincial authorities.

Samdech Hun Sen suggested that the Royal Thai Government tightly close major border passes, which provide economic resources from Thai territory to the Khmer Rouge to support their colleagues inside Cambodia.

Samdech Hun Sen affirmed that although the Thai-Cambodian border is difficult to control, cooperation from the Royal Thai Government will make it easy for Cambodia to solve the Khmer Rouge problem.

Samdech Hun Sen affirmed that in the future if the Thai side sees Khmer Rouge troops or Cambodian people abducted by the latter on Thai territory, it is suggested that Thai authorities disarm Khmer Rouge troops and send the people back to the Royal Government of Cambodia [RGC].

Samdech Hun Sen affirmed that the RGC's policy is to honor contracts that Thai businessmen have signed with the Khmer Rouge. The Royal Government has issued a directive to its armed forces, which are conducting operations to seize Khmer Rouge territory, saying if equipment belonging to Thai companies is encountered, this should be looked after and returned to the owners.

Furthermore, Prince Krompreah Norodom Ranariddh, RGC first prime minister, has praised the attitude and stance of the Kingdom of Thailand toward the current Royal Government, saying these are very good. The prince told reporters outside the National Assembly conference hall on the morning of 21 December that he has noted that the Thai Government has been nice to the civilian and military administration of the Cambodian Government. The Thai Government very much wants to cooperate with Cambodia. He expects that relations between the two countries will be good again.

The prince krompreah said this when Thaksin Chinnawat is visiting Cambodia for the first time since taking over the foreign minister portfolio from Prasong Sunsiri. The prince krompreah told reporters that he has already agreed with the samdech second prime minister on the issues to be discussed with Thailand and that this task belongs to the samdech second prime minister. He further disclosed that the problem in Pailin also was raised. However, he stressed that "we did raise the issue with Thaksin, but we did not accuse anyone; we only ask Thailand to examine the problem and cooperate with us."

Replying to reporters' questions whether the government has a plan to destroy the Khmer Rouge radio station that has been insulting the government, the prince krompreah answered no. The insult against the government is a good thing because when the enemy insults the government, it means that the latter is doing something right. The government will be worried if the Khmer Rouge praises it because this means that the government is doing something wrong...

Also talking to reporters on the same occasion Co-Defense Minister Tie Banh said that in some localities, government troops nearest to the areas have already cooperated well with Thailand against both the Khmer Rouge and trouble makers along the two countries' border. He said new points of progress would be found through the current visit to Cambodia by Foreign Minister Thaksin Chinnawat.

Concerning Thai workers exploiting precious stones in Pailin, who are thought to be destroying Cambodia's environment, Tie Banh offered his view as follows: Since cooperation between the forces nearest to the area cannot be achieved, finding a solution to the buffer zone is difficult. The Thai side has admitted that some groups, who realize their own benefit, still do it wherever they can although they know this is not correct.

The co-minister further affirmed that we will strive to cooperate to deal with whatever is affecting each country.

Army Signs Agreement To Set Up Radio, TV Station

BK2312071394 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 23 Dec 94

[FBIS Translated Text] On the morning of 22 December at the office of the National Defense Ministry, a ceremony was organized to sign the agreement to lease and set up a television and AM-FM radio station of the Khmer Royal Armed Forces [KRAF].

This contract was signed by excellencies co-ministers and state secretaries of the National Defense Ministry with (Supheak Aiwireak Chuwong), chairman of the (Niratha Media) company, on the project to set up a KRAF television and radio station with the agreement of the National Defense Ministry for 30 years, to start one year after the station is leased, repaired, and built. The lessee side has to successively invest 8 million dollars [currency not further specified]. As for personnel, the company will accept only persons who have worked previously with the KRAF television and radio station.

Speaking on the occasion, the co-defense ministers most profoundly thanked the (Niratha Media) company for investing with the KRAF in a project aimed at serving the Royal Government's information service as well as the National Defense Ministry. All are working together to progressively rehabilitate and develop the country.

Official Predicts Famine in Ratanamondol District

BK2312074594 Phnom Penh National Radio of Cambodia Network in Cambodian 0500 GMT 23 Dec 94

[FBIS Summary] Ratanamondol District, stretching along National Route 10 about 30 km southwest of Battambang provincial town, is facing famine due to prolonged fighting by Khmer Rouge rebels and drought.

According to District Chief Em Horn, the district is expected to face a shortage of 5,600 tons of foodstuff next year. He says of the district's six communes, Phlov Meas and Treng communes to the south of the district town remain deserted to this day because of insecurity. The 2,689 families from these two communes are now staying at Boeng Ampil Camp in Sdao commune; the majority of them are waiting for assistance from the government and nongovernmental organizations.

Large tracks of land have been abandoned; a large part of this land is strewn with hundreds of thousands of mines. This year people in the district have managed to grow 1,162 hectares of rice; however, 758 hectares have already been ruined by drought. According to the district chief, the meager yield from the harvest can feed 5,067 families, totaling 25,764 persons, for only two months. The official concludes that people in Ratanamondol District will certainly face famine without assistance from the Royal Government and nongovernmental organizations.

Laos

Vice Premier, Foreign Minister Meet Thai Minister

BK2312082394 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 22 Dec 94

[FBIS Translated Text] His Excellency [H.E.] Khamphoui Keoboualapha, deputy prime minister and chairman of the Planning and Cooperation Committee, received in Vientiane yesterday afternoon H.E. Police Lieutenant Colonel Thaksin Chinnawat, foreign affairs minister of Thailand, and his delegation. H.E. Deputy Prime Minister Khamphoui Keoboualapha expressed a welcome to the official visit to Laos by H.E. Minister Thaksin Chinnawat and the delegation. He noted that through a meeting to discuss various issues during the short visit, the Lao side has created a good mutual understanding which will bring about good results for the cooperation between Laos and Thailand. It also will contribute to promoting good relations between the peoples of the two countries.

H.E. Thaksin Chinnawat thanked Deputy Prime Minister Khamphoui Keoboualapha for granting an audience to him and the official delegation of the Thai Foreign Affairs Ministry on this occasion. He highly assessed the outcome of his meeting with H.E. the Lao foreign affairs minister on the afternoon of the same day.

H.E. Somsavat Lengsavat, foreign affairs minister of the Lao People's Democratic Republic [LPDR], and H.E. Police Lt. Col. Thaksin Chinnawat, foreign affairs minister of Thailand, with official delegations of both sides, held talks in Vientiane yesterday afternoon. The two sides discussed the relations and cooperation between the two countries. They reviewed achievements won in the cooperation in implementing various agreements signed between the two sides in the recent past. They also exchanged views on the border problem, the establishment of a Lao consul in Thailand's Khon Kaen Province, the setting up of erosion prevention embankments along the two banks of the Mekong River, the electricity issue, and cooperation in the communications field.

H.E. Police Lt. Col. Thaksin Chinnawat and his delegation arrived in Vientiane on the afternoon of 21 December for an official visit to the LPDR. The Thai delegation left for home on the evening of the same day after attending a banquet hosted in its honor by H.E. Foreign Affairs Minister Somsavat Lengsavat.

Fourth Border Meeting Held With Thai Subcommittee

BK2312111394 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 20 Dec 94

[FBIS Translated Text] Implementing the memorandum signed between the Lao-Thai and Thai-Lao General Border Peacekeeping Cooperation Subcommittees following their third meeting, which was held in Chiang Rai Province, the Kingdom of Thailand, on 19 December, the border subcommittees of the two sides held their fourth meeting of 1994 in Vientiane, with the Lao side as the host. The meeting was cochaired by Brigadier General Douangchai Phichit, deputy chief of the General Staff Department of the Lao People's Army, for the Lao side, and by Lieutenant General Phairot Nutsaya, director general of the Military Operations Department of the Kingdom of Thailand, for the Thai side.

The meeting was held to review the general situation and achievements won in jointly carrying out work in various fields over the past three months. At the meeting, the two sides unanimously noted that during the past three months, the Lao-Thai relations at all levels have been developed and improved step by step. The two sides organized groups to hold consultative meetings and inspect areas bordering the Sianghon-Hongsa Special

Zone in Laos and Phayao Province of Thailand and areas bordering laos' Sayaboury Province and Thailand's Nan Province. The two sides also agreed to make arrangements for the exchanges of visits and field trips at the ministry and local levels.

In the recent past, the working coordination between the border peacekeeping cooperation committees at the provincial level has been carried out ever more positively and more effectively. They also held joint meetings, such as the meetings between the committees of Bokeo Province and Chiang Rai Province, Sianghon-Hongsa Special Zone and Phayao Province, the Sianghon-Hongsa Special Zone and Phayao Province, Sianghon-Hongsa Special Zone and Nan Province, Sayaboury Province and Nan Province, and Vientiane Municipality and Nong Khai Province of Laos and Thailand respectively. As for other provinces that share a common border and that have not yet held meetings, they will be encouraged and assisted by the General Border Peacekeeping Cooperation Subcommittees of the two sides to hold official meetings.

At this fourth meeting, the two sides were of the opinion that the situation along the Lao-Thai border is generally peaceful and that only in certain areas was it apparent that a number of local people have continued to act in violation of the regulations and laws of the state. For example, some people continued to illegally enter or leave the countries, thus causing confusion in border areas. In view of this, the two sides agreed to coordinate with their respective localities to educate, train, and direct the people of their respective countries to strictly comply with the international laws and regulations.

The two sides discussed preparations for the fourth meeting of the Lao and Thai General Border Peacekeeping Cooperation Committees, which is scheduled to be held in Vientiane on 26 December 1994. They also discussed many other issues. In conclusion, the two sides agreed to hold the first meeting for 1995 of the Lao and Thai General Border Peacekeeping Cooperation Subcommittees in the Kingdom of Thailand. The time, date, and place of the meeting will be fixed later.

Philippines

Agriculture Support Budget Under GATT Noted

BK2312061094 Manila PHILIPPINE DAILY INQUIRER in English 21 Dec 94 pp 1, 9

[Report by Rosemarie V. Francisco]

[FBIS Transcribed Text] The Department of Agriculture (DA) will receive a budget of P [Philippine pesos] 18.66 billion next year to set up support measures that will enhance the competitiveness of local farmers under the World Trade Organization. The WTO takes over from the General Agreement on Tariffs and Trade (GATT) starting 1 January 1995.

The final amount is 3.67 percent more than the P18-billion funding earlier identified by the DA. The additional P660 million was acquired after the Senate conducted another budget deliberation last week.

During a briefing with BUSINESS WORLD reporters yesterday, Agriculture Secretary Roberto S. Sebastian expressed confidence the funds would be in place soon. He said the budget for adjustment measures under the WTO would be given out in the first quarter of 1995.

Two new funding sources will be tapped under the final allocation. These are national reserves amounting to P1.5 billion and proceeds from the Asset Privatization Trust [APT] totalling P3.8 billion. The national reserves account for 8.04 percent of the budget for WTO, and the proceeds from the APT account for another 20.36 percent.

APT funds are traditionally used to finance the agrarian reform program. A portion of the fund is also used for government infrastructure projects.

Other sources of funds for WTO support measures are the Congress- allocated DA budget of P9.48 billion (51 percent of total WTO funds for agriculture), the pledge made by the Department of Agrarian Reform (DAR) for P1.18 billion (6 percent), P200 million (1 percent) from the budget of the Department of Public Works and Highways (DPWH), savings from debt service amounting to P700 million (4 percent) and proceeds from the importation of the minimum access volumes projected to reach P1.8 billion (10 percent) next year.

The DAR's contribution will come from the Agrarian Reform Fund, general appropriations and official development assistance.

Mr. Sebastian said he will fly to the United States next month to personally negotiate for the acceptance of the country's commitments on the minimum access volumes (MAVs) for poultry, poultry meat and pork.

In the same briefing, Marinela Castillo, agriculture assistant secretary for planning, said the technical errors on the three products will not be considered as simple errors anymore because the country failed to get its trading partners to approve the corrections. Thus, government will have to renegotiate in MAV commitment for the three products under Article 28 of the 1947 version of GATT.

"But (the country) will have to pay for the correction in the form of additional concessions," Ms. Castillo said.

The country's trading partners may approve the corrections on the MAVs as long as the Philippines allows either an increase in its MAVs for some agricultural products or implement a cut in the tariff rates for others.

The corrected commitments for live poultry, poultry meat and pork are 1.67 million heads, 2,218 MT and 3,600 MT, respectively.

The United States has already accepted the technical corrections on the country's sugar and live swine MAVs, or the amount of imports coming into the country at preferential rates. The MAV for sugar is now at 38,000 MT, 38 percent of the original commitment of 100,000 MT. Sugar producers, however, yesterday urged government to import only raw sugar under the MAV commitments.

In a statement, Antonio Pacheco, national president of the Confederation of Sugar Producers Association, Inc. noted government did not indicate whether the sugar importation would be in the raw or refined form.

Allowing only raw sugar would enable existing sugar mills in the country to go into additional processing activities, said Mr. Pacheco. He emphasized there is no need to import refined sugar since there are numerous refineries in the country.

Among the activities to be undertaken by the DA next year are the rehabilitation of communal irrigation facilities, which is budgeted at P5.83 billion; the construction of rural roads, P2 billion, and the implementation of its Medium-Term Agricultural Development Plan (MTADP), P10.83 billion.

Mr. Sebastian said the first priority for the DA is to "finish all unfinished" irrigation projects. This includes communal irrigation projects that were devolved to the LGUs (local government units) in 1992 together with the funding of P517 million, the amount of which was never used to finish the projects," he said.

Mr. Sebastian said 150 irrigation projects are 80 percent finished. When completed, these projects would increase irrigable land by an additional 500,000 hectares.

An Irrigation Crisis Bill, which has been approved by the Lower House, is presently pending in the Senate. The bill seeks to fast-track implementation of irrigation projects by suspending the bidding requirements for two years. "If we get that bill enacted, it will make life easier for us," he said.

Eleven Loan Agreements Signed With Japan

BK2312061594 Manila PHILIPPINE DAILY INQUIRER in English 21 Dec 94 p B1

[FBIS Transcribed Text] The Philippines and Japan yesterday signed 11 loan agreements amounting to 99.12 billion yen (approximately $991.2 million) under the 19th yen loan package.

Acting Finance Secretary Romeo Bernardo said Philippine Ambassador to Japan Domingo L. Siazon, Jr. signed on behalf of the government while Akira Nishigaki, president and chair of the Overseas Economic Cooperation Fund (OECF), signed on behalf of the Japanese agency.

The loans form part of the $1.5 billion pledge made by the government of Japan during the consultative group meeting/pledging session for the Philippines held in Paris last July.

The loan agreements are for the following projects:

—Provincial cities water supply project III of the Local Water Utilities Administration (LWUA), $62.12 million;

—Metro Manila light rail transit (LRT) Line-1 capacity expansion project of the Light Rail Transit Authority (LRTA), $97.95 million;

—Mt. Labo geothermal development project of Philippine National Oil Co., $107.56 million;

—Calaca II coal-fired thermal power plant project of National Power Corp., $55.13 million;

—Substation expansion project of Napocor [National Power Corporation], $28.96 million;

—Environmental measurement equipment improvement project for power plants of Napocor, $4.57 million;

—Philippine-Japan Friendship Highway road rehabilitation project of the Department of Public Works and Highways (DPWH), $96.2 million;

—Rehabilitation and maintenance of bridges along arterial roads project III of DPWH, $46.16 million;

—Arterial road network development project I of DPWH, $117.54 million;

—Industries and supporting service expansion program of the Development Bank of the Philippines (DBP), $225 million; and,

—Domestic shipping modernization program of DBP, $150 million.

The signing of the 19th yen loan package followed the conclusion of the two loan agreements for the balance of the 18th loan package last 7 December. These involved two Napocor projects amounting to a total of $136.86 million—the Tiwi geothermal power plant complex rehabilitation project ($70.56 million) and the Mak-Ban geothermal power plant complex rehabilitation project ($66.3 million).

Forces Recover Village After Battle With MILF

BK2312012794 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 22 Dec 94

[FBIS Translated Text] Government forces have recovered one of the three villages from the Moro Islamic Liberation Front [MILF] in Carmen, North Cotabato. Southern Command Lieutenant General Orlando Soriano told GMA NEWS that Tubig Village was recovered by his troops after a hard fight with the MILF under the command of someone known as Commander Jack. The three villages were occupied by the MILF on 12 December. According to General Soriano, the rebels were not able to put up a good fight against government forces. No casualties were reported between the two groups.

Meanwhile, three battalions of Army and PNP [Philippine National Police] arrived in Cotabato to reinforce the government forces against the Muslim rebels. AFP [Armed Forces of the Philippines] Chief of Staff General Arturo Enrile is scheduled to arrive in Cotabato to assess the ongoing fighting taking place in the area.

Thailand

Import Quotas, Tariffs Set for 23 Farm Products

BK2312114094 Bangkok THE NATION in English 23 Dec 94 p B 2

[FBIS Transcribed Text] Commerce Ministry yesterday set the final import quotas and tariff rates for 23 agricultural items, the market for which Thailand is obliged to open up under the Gatt agreement.

The items—which include rice, soybeans, onions and sugar—have long been banned from entering the country as the government has been afraid that it will hurt local farmers.

The opening of the garlic and onion markets is the most likely to hurt the local planters and retailers because their prices have always been cheap.

To prevent that undesirable situation from developing, Chaiyot Sasomsap, deputy Commerce Minister, said the Public Warehouse Organization will be the only agent that will be allowed to import garlic and onions.

"Moreover, Thailand could raise the tax rate or limit quotas on those two specific items, or on others, if we found that it has hurt badly the local producers. Such safeguarding measures are allowed by the Gatt," Chaiyot said.

Thailand will allow 62 tonnes of garlic to be imported at a tariff rate of 27 per cent. Any amount in excess of 62 tonnes may be taxed at a rate of up to 63 per cent.

Three hundred and forty-eight tonnes of onions will also be allowed to be imported at a tariff rate of 27 per cent, but any amount in excess of 348 tonnes may be subject to a tariff rate of up to 158 per cent.

Rice is also a carefully managed import. It carries a set quota and other safeguards that will make the importation of rice more difficult and expensive, but the methods used will nevertheless be in compliance with Thailand's Gatt obligations.

Chaiyot said the Ministry will change its previous duties, which included asking for permission to import those items and will, instead, become the body responsible for issuing the approval to import the goods.

Oranut Osathanon, director general of the Foreign Department, said Thailand may reduce the import tax and increase import quotas for the items which Thailand needs to import, such as potatoes and farming seeds.

Editorial Views Tariff Changes, Industrial Reform

BK2312082494 Bangkok THE NATION in English 23 Dec 94 p A6

[Editorial: "Tariff Changes Are Just One Factor in Industrial Reform"]

[FBIS Transcribed Text] The long-awaited restructuring of the country's tariff system will be tabled before the Cabinet on Tuesday. This is no ordinary set of taxes but a major fiscal push with far-reaching implications for the Thai economy.

The submission comes after prolonged, extensive evaluation, and intense lobbying by various industrial groups. The package will see the tariff classification reduced from 39 to four for raw materials, intermediate, primary and capital goods, with tax rates of zero percent, five percent, 10 percent, and 20 percent, compared to the current range of zero to 60 percent.

New rates coming into effect next year will affect industries involved in the manufacture of textiles and garments, leather, footwear, wood, pulp, paper, glass, ceramics, plaster products, cement, jewelry, processed food, beverages, spirits, tobacco, furniture, toys, artifacts, watches, musical instruments, automobiles and parts.

The simplification of the tariff system will create greater transparency and deal with corruption at customs and port points. The bureaucrats at these points of entry have made "a lot of tea money" by exploiting the existing cumbersome procedures.

The new tax package is also designed to boost the competitiveness of Thai products in the world market in terms of both manufacturing and the ability of local producers to source raw and intermediate materials at competitive prices.

Inevitably, the new taxes will hurt some industries that have long enjoyed protection from high tariff walls. This is where political will needs to be exercised by the Cabinet members on Tuesday as outcries can be expected from certain producers in the textile and garment, petrochemical, and agriculture sectors, though agriculture may not yet be considered.

It needs to be understood that Thailand will have to dismantle the tariff system anyway under the new World Trade Organization, which is the successor to the General Agreement on Tariffs and Trade, the Asean Free Trade Area, and possibly under the non-binding tariff education system of the Asia-Pacific Economic Cooperation (Apec).

Critics have charged that the government has been slow in coming out with the tariff restructuring since the sooner it is put into effect, the sooner Thai industries will be able to adjust and prepare for the more competitive environment to come.

Some economists have suggested that the government and industry now need more product focus than ever. The laissez-faire and hands-off approach night have worked in the past but with trade dependency and dismantling of tariff barriers worldwide, Thailand ought to focus on what it does best and let go of products where it no longer has a competitive advantage.

This notion will require looking not just at the taxes but a comprehensive sectoral approach to manpower development, product research and development, conditions for the transfer of technology, and other legal and policy support measures. Economic management skill is a high priority in this competitive and volatile era. Both Singapore and Malaysia, as well as other strong trading nations, have adopted this approach to varying degrees.

Such a comprehensive approach to strengthening Thai industry is still very much lacking, especially at implementation level. Perhaps it is time for the government to examine the idea of merging the industry and commerce ministries along the lines of Japan's Ministry of Trade and Industry.

Certain visions have also been circulated. These include making Thailand regional financial centre, regional shopping centre, the manpower training centre for Indochina, and an automobile production centre. For this country to become the real centre for such activities, it is no just tax changes that are needed but also skilled manpower and conditions for technology transfer to start and sustain research and development. The choice is clear but whether the government can face up to the challenge remains to be seen.

Editorial on Selecting Representative to WTO

BK2312101794 Bangkok THAI RAT in Thai 23 Dec 94 p 3

[Editorial: "Envoy To the World Trade Organization"]

[FBIS Translated Text] Political problems and obstacles have not been completely eliminated after the formation of the new Cabinet. As a result, the government appears to have been devoting its energy to tackling those matters, to such an extent that other issues have been forgotten. Therefore, we wish to remind the government to pay attention to the country's future, which will be linked to the World Trade Organization [WTO], so that the country will be ready to cope with the impending changes in world trade. We should prepare our personnel and the country's stance accordingly.

The formation of the WTO on 1 January is approaching rapidly. The importance of this new international organization will rank second only to the United Nations. It will oversee international trade directly, and countries that are not members of the WTO will suffer disadvantages in foreign trade because they will receive no protection.

Thailand will have to assign a representative to the WTO, but so far no one knows whether that person will be officially identified as the Thai ambassador to the WTO or the chief Thai delegate to the WTO. Nor does anyone know if the Thai representative and his team will be picked from the Foreign or Commerce Ministries. There is not even a hint of a candidate. So we wish to say that the Thai representative does not have be a bureaucrat.

We feel that the nature of work at the WTO would be different from work at the UN office in New York or Geneva, which largely involves international political issues, thus requiring people who have education and experience in this field. In the WTO, work will concern trade and tariff matters. An important point is that the job at the WTO will enable the Thai staff there to know about global trade trends and trade regulations likely to be put into use in the future.

With the nature of this work, the candidate for the post of the Thai envoy to the WTO can come from the private sector, provided he has extensive experience in international trade. It would be an interesting change in Thai diplomacy that would suit new developments in world trade. A businessman could have different views that are beneficial to the country, compared to the views of bureaucrats. This could lead to the government and the private sector being able to adapt better and more quickly to the new trade situation.

If a regulation prevents appointment of a nonbureaucrat as the Thai envoy to the WTO, it should be changed promptly. An outdated regulation should not be allowed to impede our progress.

Support Grows To Extradite Drug Suspect to U.S.

BK2312082194 Bangkok BANGKOK POST in English 23 Dec 94 p 1

[FBIS Transcribed Text] Former Chat Thai MP for Nakhon Phanom Thanong Siriprichaphong should be extradited to the United States to fight drug charges otherwise Thailand might be seen as protecting a suspect, it was implied yesterday. But Office of the Narcotics Control Board [ONCB] Director-General Chawalit Yotmani said it was up to the courts to decide if Mr Thanong should be extradited following a request from the US.

The US has asked Thailand through the Foreign Ministry to extradite Mr Thanong so he can face charges of smuggling a combined 49 tons of marijuana to that country between 1977 and 1987.

The drug trafficking allegations forced Mr Thanong to resign from the Chat Thai Party in May and lose his seat in Parliament.

The US request is now being considered by the Office of the Supreme Attorney-General's International Cooperation in Criminal Matters Division based on the legal technicalities and evidence provided.

Police Foreign Affairs Division commander Amarin Niamsakun said Thailand should comply with any court decision to extradite Mr Thanong.

If the courts decide against extradition, he said the US could resort to asking Thailand to take legal action against Mr Thanong based on the evidence and information which it supplied.

Supreme Attorney-General Kanit na Nakhon hinted early this week the Government wanted to send Mr Thanong to the US judging from the fact it had passed the matter on to his office.

Pol Gen [Police General] Chawalit said his office was not required to supply any information to the prosecutors as the alleged offences took place in the US. That country is believed to have sent evidence and information to the Office of the Supreme Attorney-General through the Foreign Ministry.

The ONCB chief said Thailand had an extradition law of its own and an extradition treaty with the US. The law does not require Thailand to extradite its own nationals to stand trial overseas but the treaty states Thailand can extradite a criminal on request.

Pol Gen Chawalit said the Office of the Supreme Attorney-General was duty-bound to recommend whether to extradite Mr Thanong although the courts would have the final say on the matter. He said a Supreme Court order on this case, no matter what it is, will set a precedent for similar cases in the future.

Pol Gen Chawalit said Mr Thanong might be charged here in Thailand if he is not sent to the US, but he did not know how this would be done in detail as this was the first case of its kind. He said it was possible Thailand could be seen as trying to protect a drug suspect if it refused to cooperate.

"Since the world now has no boundaries, cooperation in the suppression of narcotics—which is considered the world's most serious problem which could undermine the security of a country—should be made possible. If he (Mr Thanong) really committed any wrongdoings as alleged, he should face legal action. We should not cling too much to dignity," he said.

Pol Gen Chawalit said the former MP would be summoned to appear before the courts following a recommendation from the Office of the Supreme Attorney-General. If he refuses, an arrest warrant will be issued.

There have also been allegations that new Deputy Finance Minister Chawarat Chanwirakun has been involved in the narcotics trade, but Pol Gen Chawalit said his office had obtained no evidence of this and he thought it was just foul play.

Pol Gen Chawalit said a subcommittee was drafting a money laundering bill and was expected to finish its work before the end of this year.

Once the draft is completed a public hearing will be held to sound out the opinions of experts.

The draft legislation will then be passed on to the ONCB, the Government and Council of State (Juridical Council) respectively, he said.

Official Discusses PRC Joining Mekong Pact

BK2312074794 Bangkok THE NATION in English 23 Dec 94 p A2

[FBIS Transcribed Text] China will without doubt join the new agreement for the use of the Mekong River if the terms are right, a senior Thai official said. Meetings of the four riparian countries of the lower Mekong River basin have been closely monitored by China, said Prathet Sutabut, the director general of the Department of Energy Development and Promotion.

Last month Thailand, Laos, Cambodia, and Vietnam initialled a draft agreement on the cooperation for sustainable use of the Mekong for navigation, hydropower generation, irrigation, flood control, fisheries, transportation of timber, and tourism.

The new agreement also permits entry of the two upper-basin countries, China and Burma, but neither have officially expressed interest in joining the grouping. However, Prathet said China would most likely "join us for reasons of economic development".

China has been keen on cooperating with Thailand, Laos, and Burma on navigation and the four countries already concurred with a draft agreement for navigation along the Lanxang-Mekong in October. However, lower-basin countries' main concern is water development projects by the upstream-countries.

Prathet said the new agreement was more beneficial to the Kok-Ing-Nan project which plans to divert water from the Kok, a tributary to the Mekong, into the Sirikit and Phumiphon Dams. However, Prathet refused to comment on the implications the agreement might create for the massive Khong-Chi-Mun water diversion scheme which, in its later stages, includes diverting water from the Mekong.

"It (The new agreement) is more flexible. It is a mutual cooperation in which none of the countries involved have too much of an advantage over other countries," said Prathet, dismissing criticism that if the agreement is too loose then Thailand's water development projects might go unchecked and could harm countries downstream.

He also said the four governments have been asked to approve or disapprove the draft in order to avoid future changes in the wording. Technical details such as the definition of "acceptable minimum natural flow" would be agreed on in working groups which will probably be set up after the official signing ceremony which is expected to take place in Chiang Rai in February next year.

On Phnom Penh's proposal to host the new Mekong Secretariat, Prathet said Thailand did not stand to lose economically if it did move to the Cambodian capital. However, he said it should be situated in the Mekong basin as a matter of principle.

Bangkok, which is on the Chao Phraya River basin, has played host to the Mekong Secretariat since its inception in 1957.

Thailand will have to seek approval of the new agreement from the Cabinet via the Thailand National Mekong Committee which is chaired by Prime Minister Chuan Likphai.

Prathet, the secretary-general to the National Committee, said he will call a meeting on the subject soon.

Prime Minister Orders AIDS Master Plan Revised

BK2312092494 Bangkok BANGKOK POST in English 23 Dec 94 p 1

[FBIS Transcribed Text] Prime minister Chuan Likphai ordered immediate changes yesterday to the national master plan on AIDS following the discovery that 15 to 19-year-olds are engaging more in sex and had become a new high-risk group. The order was issued after the Prime Minister chaired the 4th National AIDS Prevention and Control Board meeting at Government House yesterday and was told of the trend.

Meeting sources said the Prime Minister appeared shocked after hearing about the changing sexual behaviour among young people.

A survey conducted among more than 4,000 people aged 15 to 49 showed as many as 76 percent of 15 to 19-year-olds had had a sexual experience. Of these, 29.1 percent had their first encounter with a prostitute or were engaged in extra marital sexual relationship with more than one person. Only 3.9 percent of those interviewed said they first tried sex with their spouses.

The sources said the Prime Minister ordered immediate changes to the master plan on AIDS to emphasise the prevention and control of the disease among this age group.

Government Spokesman Akkharaphon Sorasuchat said the meeting was also told the proportion of people in the Central Plains infected with HIV was surpassing the North. He said it was also found that past campaigns on AIDS had helped change sexual behaviour.

The survey showed that 60.8 percent of the men surveyed had stopped visiting prostitutes. A total of 23.6 percent of married women interviewed said they had warned their husbands not to go to brothels.

A working committee summarised the results of AIDS control and prevention efforts as follows:

—The rate of HIV infection among risk groups is gradually declining due to funding and campaigns by various agencies.

—Women thought to be at no risk are becoming infected because of unsuccessful campaigns.

Vietnam

Radio Reviews Relations With Russia in 1994

BK2312135894 Hanoi Voice of Vietnam in English 1000 GMT 23 Dec 94

[FBIS Transcribed Text] Nineteen ninety-four witnessed major steps in the development of relations between Vietnam and the Commonwealth of Independence States or CIS and Russia in particular. Here is our review:

Vietnam and Russia and the CIS have had long-term traditional and cooperative relations. Russian people and the peoples of CIS have already supported Vietnamese people in many fields such as politics, economy, science and technology, culture, and education in the process of building and defending the country.

When the Soviet Union collapsed, relations between Vietnam and Russia changed. Many Vietnamese enterprises collapsed because of losing their Russian market. But after a new regime was formed in the CIS and Russia, Vietnam rapidly established its relations with Russia. Vietnam acknowledged three countries in the Baltic on 9 September 1991 and established relations with all nations. Since then, Vietnam and the CIS have constantly exchanged visits and discussed measures to stabilize and promote bilateral and mutual relations.

There were many important political events in the relations between Vietnam and Russia in 1994. Vietnamese Prime Minister Vo Van Kiet visited Russia and the CIS. Russian President Yeltsin submitted a document outlining basic principles of relations between Vietnam and Russia for National Assembly approval. The official visit to Russia, Kazakhstan, and Ukraine by Vietnamese Prime Minister Vo Van Kiet in January 1994 helped establish cooperative relations. Prime Minister Vo Van Kiet also signed a treaty with Russia on basic measures of relations between the two countries and many agreements on trade and business, investment cooperation, scientific and technological cooperation, agriculture and fishing.

In early December, President Yeltsin submitted a treaty to the National Assembly on Vietnam-Russian relations. The Russian ambassador to Vietnam said the treaty would be approved at the end of this year. The treaty will replace the old treaty signed in 1978.

In a letter to the chairman of the National Assembly, President Yeltsin stressed that both Russia and Vietnam highly appreciated the treaty because it was positive and was suitable for the interests of Vietnamese and Russian people. The treaty is based on the principle of mutual benefit. The two sides pledged to contribute actively to international peace and stability.

The Russian ambassador also said relations between Russia and Vietnam, after a time of interruption, would be developing again. Relations between the two countries are stabilizing, especially in regard to energy, oil, construction, transport, and agriculture.

The Russian ambassador to Vietnam, Mr. Khamidoulin, said at a press conference in Hanoi that although the process of implementing the agreement was rather slow, there were many more agreements. In 1994, Vietnam exploited 7 million tons of crude oil, in which 6.8 million tons were exploited by VietsoPetro, a joint venture between Vietnam and Russia. Hoa Binh hydropower plant has been built. Electricity is being transmitted on the national north-south line. Two-way business output is $300 million. Recently, an annual meeting on economic and scientific-technological cooperation was held by the Russian-Vietnam Ministerial Committee in Moscow.

He said: Since the third meeting in April 1994, the two sides have prepared to sign agreements on industry, agriculture, forestry, and investment. Both sides also intended to implement a business cooperation protocol to be signed next year.

These are all good signs in improved relations between Vietnam and Russia and Vietnam and the CIS.

VNA Interviews Cuban General on Recent Visit

BK2312093994 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 22 Dec 94

[FBIS Translated Text] Dear friends, a delegation representing the Cuban armed forces, led by General Ulises Rosales, member of Communist Party of Cuba's Political Bureau and first deputy defense minister and Army general chief of staff, paid a visit to Vietnam in mid-November. Back in Havana, Lieutenant General Ulises Rosales granted an interview to a correspondent of the VIETNAM NEWS AGENCY.

On his impression of his Vietnam visit, General Ulises Rosales said: Not only myself but all of the other officers in the delegation have similar impressions and sentiments toward Vietnam. We are delighted to have had the opportunity to visit the heroic Vietnamese people, enjoy the wonderful natural scenery, and especially to have a chance to share happiness and friendly talks with our Vietnamese brothers.

The objective of our visit has been completely fulfilled, thanks to the scrupulous schedule arrangement of our Vietnamese hosts. We were given chances to meet people of all strata and talk in an open and warm atmosphere about our views and experiences in the economic development of each country. I would like to stress the very special meetings with CPV [Communist Party of Vietnam] General Secretary Do Muoi, Prime Minister Vo Van Kiet, and National Defense Minister Doan Khue.

We also visited various areas and met with cadres, combatants, and local people. The visits to these areas left us with fine and strong impressions and enriched our knowledge about the daily life of the people and their efforts to fulfill the two strategic duties that the CPV set up, the construction and protection of their fatherland. Through the visits and meetings, we were touched by the natural and profound expression of the sentiments of fraternity and unity of the people of Vietnam, from the highest ranking leaders to average citizens, toward Cuba and our leader Fidel Castro.

About our national construction undertaking, Comrade Ulises Rosales said: Nobody can conceal history. The Vietnamese people are achieving their goals through their own efforts, and they are still continuing their contributions to constructing the country to be 10 times more beautiful, as President Ho Chi Minh had once wished. I believe that the most enormous goal that the people of Vietnam have achieved is the liberation of the people and the unification of the country with its full sovereignty. These are prerequisites for further development. Without independence and freedom, a nation cannot be called a nation in the fullest significance of the term. The renovation undertaking that Vietnam is carrying out has significantly resulted in progress on all fronts of the economy, people's living standards, and national defense and security.

We had been advised by our Vietnamese hosts that not everything is perfect or satisfactory yet, but the important point is that the people are reaching their goals through their own efforts and are ready to improve and safeguard their achievements. Recent historical developments show that once the people started their development on the path of independence and socialism, and became determined to protect their own ideals against the background of current international circumstances, it is natural that they will have to face numerous risks and challenges. That is the reality of Vietnam and Cuba, though the two countries experience different conditions and have different measures to deal with difficulties.

I can sincerely say that the industriousness and creativity of Vietnamese people, the ever-increasing production output, the improved living standards of Vietnamese families, the absorption into and economic interaction with the world community, and the extraordinary strength and contributions to the national construction of Vietnamese women strongly impressed every one of us.

On returning to our homeland, we brought with us the image of a nation that is building its revolutionary undertaking with devotion, while still being able to provide assistance and support to other nations, particularly Cuba.

Our people will forever admire and treasure Vietnam's cause, and we wish the heroic Vietnamese people more achievements and successes.

Asked about the delegation's impression of its visit to Vietnam on the occasion of the celebration of the 50th anniversary of the Vietnamese People's Army, the chief of the general staff of the Cuban Armed Forces said:

We think that the Vietnamese People's Army is not only a symbol and a source of pride of the Vietnamese people but also a symbol and a source of pride of those peoples that have been and are fighting against oppression and exploitation.

The Vietnamese People's Army is the symbol of the great source of resistance, of the close ties with the people, of being persistent and loyal to patriotic traditions and to the Communist Party of Vietnam. No one can fail to remember how this army defeated the French, Japanese, and U.S. aggressors. Who can forget President Ho Chi Minh's feat in building up this army? Who can question the intelligence of the Vietnamese Army? It was a great joy for us to visit Vietnam on that occasion.

We were aware of the thrifty spirit in this anniversary celebration, and we were especially interested in the political and ideological task of the Vietnamese People's Army and its attention to building the army-people relationship. We felt strongly about the awards to the recipients of the title Heroic Vietnamese Mother.

On the occasion of this anniversary celebration, we had the mandate of bringing with us a medal bearing the name of General (Antonio Marco), a national hero of Cuba, which our State Council decided to confer on the Vietnamese People's Army. We also conferred three typical fighting banners to a number of units, including [names indistinct]. We also visited the Army Museum. We were very impressed by the wonderful presentation of the victorious Dien Bien Phu campaign under the command of General Vo Nguyen Giap, a legendary general and a friend of Cuba, with whom we had the special honor to meet.

By the way, through the VIETNAM NEWS AGENCY, please allow me to convey to the cadres, combatants, and people of Vietnam our profound gratitude.

May all the cadres and combatants of the Vietnamese People's Army be happy and jubilant in the celebration of the 50th anniversary of their historic founding. May all of you continue to score ever- greater achievements and successes in your cause of building and defending your heroic Vietnamese fatherland.

Vice Minister Reviews 1994 Agricultural Output

BK2212161194 Hanoi Voice of Vietnam in English 1000 GMT 22 Dec 94

[Report by station correspondent]

[FBIS Transcribed Text] Many observers claimed that agriculture was the most outstanding feature of Vietnam in its economic picture of 1994. This was despite many difficulties affecting agricultural production this year. From April to October, both the Red and Mekong River deltas, the two main rice-growing areas of Vietnam were repeatedly hit by storms, typhoons, and floods. Meanwhile, central Vietnam was hit by a long spell of drought. The subsequent losses in agriculture greatly influenced food prices on a national scale. However, the spiraling prices were still be controlled.

Mr. Ngo The Dan, vice minister of agriculture and food industry said:

[Begin Ngo The Dan recording in Vietnamese fading into English translation] Agricultural production in 1994 increased despite the unfavorable weather condition. Storms and floods took away between 600,000 to 700,000 tonnes [of grain]. But due to the increased output of the winter-spring crop, we could achieve the target of 26 million tonnes of grain so far. The most important victory here was the capability to ensure enough food, thus enabling the rearrangement of the crop structure and animal breeding as the best way for the economy. [sentence as heard] Another noteworthy thing is that agricultural achievements have changed the image of Vietnam from a rice-importing nation to a rice-exporting one. Vietnam now is the world's third biggest rice exporter after the United States and Thailand. Vietnam exported about 2 million tonnes of rice at first grade quality, or an increase from 30 percent to 80 percent within the last five years. Other crops besides rice also increased production. Maize output in 1994 was 1 million tonnes, 80 percent more than 1993. Coffee increased by 7.3 percent, silkworm production was up by 18.6 percent, animal husbandry up by 7.4 percent, and tea up by 3.5 percent. Agricultural export value reached $1.1 billion, 10 percent more than 1993. Vietnam has a big population and it always faces natural calamity. For this reason, Vietnam needs to have a state plan for agricultural production. This is also a long-term plan for agricultural development until the year 2000. [end recording]

Concerning the plan for agricultural development in 1995, Mr. Ngo The Dan said:

[Begin Ngo The Dan recording in Vietnamese fading into English translation] Nineteen ninety-five will be the transition year for a new period of economic development in Vietnam. In order not to be left behind, there is no other ways for Vietnam than to have indepth investment in agricultural production, especially in farm product processing industry. So far, many international banks have invested over $600 million with over 160 projects in different areas. In 1995, Vietnam will strive to achieve the following targets of 26.5 million tonnes of food and an export value of $1 billion more than 1994. By the year 2000, Vietnam will have a population of 80-82 million, and by the year 2010 the population will be 94-96 million. Agricultural output must be from 28-30 million tonnes and from 38-40 million tonnes by the year 2010. This is an increase from 20-50 percent as compared to 1993. Food demands have been increasing while cultivated land has been decreasing. Agriculture plays a very important role in ensuring economic development in Vietnam. [end recording]

National Defense Institute Established

BK2312065594 Hanoi VNA in English 0643 GMT 23 Dec 94

[FBIS Transcribed Text] Hanoi VNA Dec. 23—The government has issued a decree on the establishment of the National Defence Institute.

The institute was officially set up on Dec. 21 on the basis of the high-ranking military institute which was founded in 1976.

The decree stipulates that the National Defence Institute is put under the direct management of the Defence Ministry. The institute is responsible for training high-ranking military officers, providing knowledge on national defence for senior officials of the party, the state and mass organisations, conducting scientific and military research activities, and carrying out international cooperation on high officials training.

* Activities at Dalat Nuclear Reactor Reviewed

952E0030A Hanoi LAO DONG in Vietnamese 30 Oct 94 p 3

[Article by Nguyen Mong Sinh: "The Dalat Nuclear Reactor After 10 Years of Activities"]

[FBIS Translated Text] In Dalat, on 14 November 1994, the Nuclear Research Institute will hold a symposium to mark the 10th anniversary of the reactivation of the Dalat nuclear reactor. Following is an article on this subject by Assistant Professor Nguyen Mong Sinh, MS, deputy of the Nuclear Research Institute.

A 10-year period is neither long enough to affirm the position and raison d'etre of a specialized scientific research establishment, nor too short for an assessment of the results of its activities. Today, this is a question posed for the Nuclear Research Institute at the end of 10 years of activities of the operation, exploitation, and use of the Dalat nuclear reactor.

Late in the 1970's, scientists wished to restore the activities of the Dalat Nuclear Research Center, built 15 years earlier. The center's 250-KW Triga-Mark II reactor had been completely paralyzed since early 1975, after all its nuclear fuel was shipped back to the United States. The desire to reactivate and increase the capacity of the Dalat nuclear reactor and to revive the nuclear center caused much debate in the scientific circles and among managers, particularly when the country had just emerged from an extraordinarily long war. People were worried about a recurrence of the situation prevailing during the previous years: the maintenance of the nuclear reactor as an ornament. Even the nuclear scientists and technicians, a contingent well trained in advance but still very small in size, failed to reach a consensus on what should be the main direction of operation of the Dalat nuclear reactor once it was rehabilitated and its capacity doubled. Should it be used for basic research or applied research? It is recalled that a nuclear scientist of some stature and position at that time made a dismissive gesture and sneered at a plan that should have seemed unrealistic to him: At least 90% of the capacity, energy, and operating time of the Dalat nuclear reactor were to be devoted to the production of radioactive substances. A debate ensued, and at a symposium held in Hanoi in 1980 to discuss the building of a radioactive-matter producing facilities next to the Dalat nuclear reactor, those regarded as realistic minds carried the day. These persons disagreed with the proposed design output of 25 curies of radioactive substances per year, their well-founded reason and argument being that, according to the statistics available at that time, only 0.2-0.3 curie of radioactive matters was needed to be imported annually for use (mainly in the medical field) in the entire country. That being the case, it was difficult indeed to agree with setting a radioactive-substance production target 100 times as large as what was required, since this was a commodity that could not be kept, held in reserve, or stored.

Transcending such an outlook and calculations, a major state project designed to revive and expand the Dalat nuclear reactor was kicked off in March 1982 and basically completed in November 1983. On 20 March 1984, the reactor officially resumed operation.

Suddenly, the nuclear technical activities in various fields of scientific and technological research and socio-economic development of the country picked up vigorously.

Right in the first year, the Dalat nuclear reactor chalked up nearly 1,000 hours of operation at its nominal capacity, producing 5.5 curies of radioactive substances, more than half of which was delivered to the public health service, and quantitatively analyzing more than 1,000 soil samples. It should be added that by late 1984 and early 1985, the Nuclear Research Institute had trained sufficient teams of technicians to operate the reactor and various technological systems in support of its safe operation.

In the subsequent years, the reactor kept increasing the number of its operating hours in support of the exploitation and use of its capacity, achieving the optimal target of about 1,400 hours per year, with the reactor running continuously at 100-hour stretches at its maximum 500-KW capacity to turn out radioactive substances at the average frequency of once a month.

The amount of radioactive substances produced by the reactor reached the record level of 180 curies in 1990; in the following years, the reactor maintained an average annual output of about 140 curies.

By the end of September 1994, the reactor had registered almost 15,000 hours of operation at its peak capacity, turning out more than 800 curies of radioactive substances (90% of which were supplied to the public health service for use in medical diagnosis and treatment). A total of more than 25,000 soil samples had been quantitatively analyzed by various nuclear methods involving the use of the Dalat reactor, and more than 125,000 targets had been fulfilled.

The Dalat nuclear reactor is now equipped with a source of high-intensity Co-60 experimental irradiation. It has benefited from state-initiated investment including the hardware—for use in the operation of the reactor—and software provided by various state- and sector-level research subjects and projects. It has received technical aid from the International Agency of Atomic Energy through various coordinated projects and programs and research contracts. Owing to the extraordinary efforts of the collective of scientists, engineers, technicians, workers, and civil servants, the Nuclear Research Institute has become a center for research on applied nuclear techniques of great potential in the country as well as in the region. The institute plays the role of a stimulus, a strong catalyst in promoting a broad application of the technical advances of the nuclear energy sector in various socioeconomic domains in the country.

The institute has carried out research on the manufacturing of various types of nuclear electronic equipment. In particular, the computer-attached dual-channel renal radiographic machine, the device for use in measuring the radioactive level concentrated on the thyroid gland, and the radioactivity detector supplied by the institute to many provincial polyclinics in support of the use of radioactive isotopes in medical diagnosis and treatment have significantly contributed to increasing the number of the branches of nuclear medicine in the entire country from three in 1984 to more than 20 at present.

The institute has laid the initial foundations of a new field of technology: irradiation technology. It has carried out research—in laboratory and at times in pilot projects—on the production and manufacturing of siliceous monocrystals mixed with phosphor by means of neutronic irradiation. It has done research on the sterilization of medical equipment and biological products; on improving the quality and prolonging the maintenance of agricultural food products; on improving the mechanical, chemical, and physical properties of polymer and molecular plaster; on manufacturing wood-polymer composites; and on sulfurizing natural rubber by means of irradiation.

The nuclear techniques using radioactive substances as markers are a very effective tool for resolving practical problems of agriculture, industry, geology, and environment. There are great prospects for a highly effective use of radioactive isotopes as markers in research on alluvial deposits on river beds and in estuaries, and in assessing soil erosion and degradation, the reserves and flow of underground currents, and the leaks in dams and man-made reservoirs. The Nuclear Research Institute is strongly developing its research on these fields.

The institute has also made great efforts in building and training a contingent of cadres in support of its own activities and those of the nuclear sector. Many leading scientists of the institute have taught at a number of colleges, creating favorable conditions for helping and guiding students in writing their graduation dissertations. The institute is an establishment of the Ministry of Higher Education specializing in the training of research students; in addition, it has continued to accept short-term scientific researcher students from foreign countries. Three cadres of the institute have defended their master theses in the country and four have defended theirs overseas. A number of cadres of the institute have served as scientists of the International Agency of Atomic Energy and have been invited by this agency to take part in organizing training courses in Vietnam and abroad.

After more than 10 years in operation of the Dalat nuclear reactor and the Nuclear Research Institute, we can affirm that in-depth investment in science, made in accordance with correctly oriented plans and based on rational long-term calculations and short-term measures, will create a new moving force for national socioeconomic development.

Australia

Portion of Cambodia, Ethiopia Debt Waived

BK2212070594 Melbourne Radio Australia in English 0500 GMT 22 Dec 94

[FBIS Transcribed Text] Australia is to write off up to two- thirds of the official bilateral debt it is owed by Cambodia and Ethiopia. The world major creditor countries have agreed to provide greater relief on bilateral official debt owed by the poorest and the most heavily indebted countries. Australia has welcomed the decision to reduce the amount of debt owed and to increase concessions for countries facing special difficulties. Australia's bilateral debt exposure totals about $38 million [Australian dollars] in loans to Cambodia and Ethiopia.

The decision means a proportion of debt to be waived will increase from 50 to 67 percent. African countries are likely to be the main beneficiary.

Arrival of More Boat People Reported in Darwin

BK2312020394 Melbourne Radio Australia in English 0100 GMT 23 Dec 94

[FBIS Transcribed Text] Another group of what is believed to be Chinese boat people has just arrived in Darwin Harbor—the second arrival of boat people in Darwin in as many days. Late yesterday, 71 boat people arrived in Darwin under escort. It is believed they sailed directly to Darwin from the southern Chinese port of Beihai more than three weeks ago.

A second boat, also believed to be from the same location, has now arrived in the harbor carrying 90 people. Australian immigration officials say the boat, of around 30 meters, is one of the largest to arrive in Darwin. All 90 occupants appear to be in good health.

Papua New Guinea

Rebels Claim Fighting Flares Up on Bougainville

BK2312060394 Hong Kong AFP in English 0553 GMT 23 Dec 94

[FBIS Transcribed Text] Sydney, Dec 23 (AFP)—Both sides have sustained casualties in renewed fighting between Papua New Guinea Defence Forces (PNGDF) and secessionist guerrillas on the war-ravaged island province of Bougainville, rebel sources claimed Friday.

An unconfirmed statement faxed to AFP by the self-styled Bougainville interim government said one guerrilla was killed, while three PNGDF troops were wounded and another four "shot dead or wounded."

The clashes were said to have occurred at Aropa, 30 kilometres (19 miles) south of the major centre of Kieta on December 20 and 21.

It also said large numbers of civilians were fleeing government "detention centres" into territory controlled by the Bougainville Revolutionary Army (BRA) and the interim government.

The fighting is the latest flare-up since a ceasefire was declared in the conflict which has gripped Papua New Guinea's [PNG's] copper-rich island province for five years.

Peace talks attended by Papua New Gunea Prime Minister Sir Julius Chan and rebel representatives two months ago failed to find a settlement.

The statement claimed classified messages intercepted by the BRA indicated major operations against the BRA heartland in the mountainous regions of Kongora and Aropa Valley had been planned for six to nine days and fighting was in progress.

The 2nd Regiment of the PNGDF had been assigned as the spearhead force and the 1st Regiment was on standby, it said.

"Reports now coming out of Radio Free Bougainville confirms serious clashes between BRA forces and PNG troops which started on Saturday 17th December," it said. "But PNG troops have also been seen to be pulling out of Arawa and Kobuan army camps."

The statement, to which there was no immediate response from Port Moresby, said BRA forces were armed with US M16s, .22 rifles and Bougainville made guns.

One rebel fighter is said to have been killed while three government troops had been seriously wounded on December 20. Another four government soldiers were claimed to have been "shot dead or wounded" in an attack by guerrillas.

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